Daily Report

Central Eurasia

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European Union Envoys Begin Kremlin Talks

Discuss Trade Deal With Yeltsin

LD0903092395 Moscow ITAR-TASS in English 0914 GMT 9 Mar 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Transcribed Text] Moscow March 9 TASS—Russian President Boris Yeltsin met on Thursday three envoys of the European Union and expressed confidence that the Russian-EU trade deal will be implemented despite eu move to put it on hold because of the developments in Chechnya.

"The meeting is an implementation of the agreement signed between Russia and the European Union on (the island) of Corfu", Yeltsin said welcoming Foreign Ministers Alain Juppe of France, Klaus Kinkel of Germany and Javier Solana of Spain.

Yeltsin added that the Corfu agreement envisages "regular meetings on the political and economic levels".

The talks in the Kremlin were held behind close doors, but informed sources told TASS that the negotiations focused on treee main subjects—Russia-EU and Russia-NATO relations, as well as the settlement in former Yugoslavia.

Talks Held With Kozyrev

LD0903121995 Moscow ITAR-TASS in English 1202 GMT 9 Mar 95

[By ITAR-TASS correspondents Dmitriy Gorokhov, Andrey Urban]

[FBIS Transcribed Text] Moscow March 9 TASS—Russian Foreign Minister Andrey Kozyrev received a delegation of the European Union today. The delegation includes French Foreign Minister Alain Juppe, German Foreign Minister Klaus Kinkel, Spanish Foreign Minister Javier Solana and member of the European Commission Hans van Den Bruck.

The talks of the foreign ministers were preceded by a conversation in the Kremlin with President Yeltsin. Today's political consultations should set the pace of the implementation of agreements, reached by President Yeltsin and leaders of the European Union during the summit meeting at the Kerkira (Corfu) island last summer. Participants in consultations are expected to sum up their results at a joint press conference.

Along with multilateral talks, bilateral meetings of foreign ministers are also held. Today in the morning Kozyrev had a meeting with Klaus Kinkel and in the afternoon he is expected to hold separate talks with his French and Spanish counterparts.

A programme of the stay in Moscow of the European Union delegation includes a visit to the State Duma of the Russian Federal Assembly.

OSCE To Set Up Permanent Mission in Chechnya

LD0903092095 Moscow Radiostantsiya Ekho Moskvy in Russian 0500 GMT 9 Mar 95

[FBIS Translated Text] The Organization for Security and Cooperation in Europe [OSCE] intends to establish a permanent mission in the Chechen Republic. Yesterday in Nazran, representatives of the European Parliament expressed concern over human rights violations in the zone of armed conflict.

Iran Hails Russia's Nuclear Assistance

LD0903111195 Moscow ITAR-TASS in English 1032 GMT 9 Mar 95

[By ITAR-TASS correspondent Oleg Kuzmin]

[FBIS Transcribed Text] Tehran March 9 TASS—President 'Ali Akbar Hashemi-Rafsanjani of the Islamic Republic of Iran hailed more active relations between Tehran and Moscow, including the establishment of close inter-parliamentary ties.

The president spoke on Wednesday while receiving a visiting Russian parliamentary delegation led by First Deputy Chairman of the State Duma Mikhail Mityukov. He stressed that all possibilities exist for expanding bilateral relations between Russia and Iran, and this opportunity could well be realized by holding a Russian-Iranian summit.

Chairman of the Iranian Majlis (parliament) 'Ali Akbar Natek- Nuri said relations between Iran and Russia were "cordial" and charged the United States and its allies with attempts at curbing any further development of good-neighborly relations between the countries in the region. He was speaking during talks with the Russian parliamentarians.

The Islamic Republic of Iran appreciates Russia's assistance in peaceful uses of atomic energy, Natek-Nuri said. He expressed the hope that Moscow would honour all its commitments and complete the construction of the nuclear power plant in Bushehr.

The Iranian speaker rejected U.S. allegations that Iran's nuclear programme is military in orientation. He confirmed that the Islamic Republic of Iran favored the elimination of mass-destruction weapons.

According to Natek-Nuri, Iran and Russia must not permit American intervention to undermine "their cordial relations".

The Russian delegation leader called Iran "a reliable neighbor" whose policy in the region is regarded with satisfaction in Moscow.

Moscow Reiterates Intention To Supply Reactors to DPRK

SK0903015095 Moscow Voice of Russia World Service in Korean 1200 GMT 8 Mar 95

[Commentary by Aleksey Kondratyev]

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[FBIS Translated Text] ROK President Kim Yong-sam, who is now visiting some European countries, has criticized the DPRK for directing hostile propaganda at the ROK.

Aleksey Kondratyev, a commentator of our station, writes:

During his visit to Prague, Kim Yong-sam stated the DPRK is launching a propaganda offensive that criticizes the ROK for 10 hours a day. Such vicious propaganda is not new. Such vicious propaganda has not stopped even for a moment since the land was divided.

Such ideological confrontation is still going on today. Such anti-Seoul propaganda not only clouds Pyongyang-Seoul relations, but may derail the agreement on the North's nuclear program.

The ROK president pointed out such vicious propaganda had become more insidious over the ROK's proposed supply of light-water reactors to the DPRK.

The United States, the ROK, and Japan acknowledge the issue concerning the supply of the ROK-manufactured light-water reactors to the DPRK has already been resolved. The three countries have even inaugurated [as heard] an international consortium called Korea Energy Development Cooperation Organization [name of organization as heard]. The consortium will financially and technologically assist in the replacement of graphite-moderated reactors with light-water reactors. The light-water reactors supply project will cost $4 billion. Therefore, Russia and other countries have been invited to join the international consortium.

Pyongyang has already opposed ROK-manufactured light-water reactors. Pyongyang has planned to receive Russian-manufactured light-water reactors. Moreover, the Pyongyang leaders warn that if the United States, Japan, and the ROK continuously enforce the supply of ROK-manufactured light-water reactors, it might cancel the DPRK-U.S. agreed framework. Pyongyang rejects the attempt to link the resumption of North-South dialogue to the nuclear safety issue.

Pyongyang has declared it would not allow any attempt to apply pressure regarding the refurbishing of its nuclear facilities. Therefore, it is doubtful that the international consortium called Korea Energy Development Cooperation Organization will be inaugurated.

Russian Foreign Minister Andrey Kozyrev made Moscow's position on this issue clear during his visit to Japan. Russia has been examining a plan to join the international consortium. He said Russia had proposed supplying Russian-manufactured light-water reactors to Pyongyang.

If Russian-manufactured light-water reactors are to be supplied to Pyongyang, Russia will have no alternative but to join the international consortium. Russia and the DPRK have accumulated much experience through prolonged cooperation in the nuclear energy field. We should not forget DPRK experts are well versed in Russian atomic technology.

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Political Issues

Ministers, Yeltsin Seen Lying About Chechnya Casualties

MM0303123995 Moscow KOMSOMOLSKAYA PRAVDA in Russian 2 Mar 95 p 1

[Report by Aleksandr Khokhlov: "The Blood of Others? Will No One Ever Know the Cost of the Chechen War in Lives?"]

[FBIS Translated Text] Our valiant politicians have, it seems, dexterously learned to wash away their blunders with the blood of other people's sons. They have now set about energetically calculating the number of corpses piled up in Chechnya. This applies both to those who support the authorities' line and those who recently—in December and January—rebelled against it.

On 22 February Sergey Yushenkov, chairman of the State Duma Defense Committee, said that he agreed with human rights defender Sergey Kovalev that 24,500 civilians had died in Chechnya. He also regards this as the minimum number of dead—the figure could be higher.

Yushenkov does not believe the official figures for federal troop losses either. According to his calculations, the losses are not 1,300 at most, as officially stated, but at least 2,000 or more.

According to the figures of Colonel General F. Ladygin, chief of the Main Intelligence Directorate, more than 7,000 guerrillas have been killed as a result of the operation in Chechnya.

Dmitriy Volkogonov, chairman of the Russian Federation President's Commission for Prisoners of War, Internees, and MIA's, has reported that 374 servicemen reported missing figure on the accurate list of names. Admittedly, he added that the figure changes daily.

I personally feel nothing but disgust at the politicians' verbal necrophilia. What were these contemptible people doing before? Why are these odious people bothering with the arithmetic of human bones when we are as far away from the end of the war as 1941 was from 1945!

The concept of "rates of combat losses during combat operations" was first introduced as such into the practice of military science by the great Chinese military leader Sun Zi, who lived in the 6th to 5th century BC. He regarded a military operation to seize a city as the bloodiest form of fighting in terms of losses, because any city is a fortress. Sun Zi calculated that the attackers suffer 30-percent losses in men killed or wounded.

Soviet military leaders of the Great Patriotic War verified this once again when storming Orel, Koenigsberg, and Berlin. It proved to be that figure, plus or minus 5 percent, during each attack.

Officers of the modern Russian Army are convinced that the operation to seize the Chechen capital was a classic urban warfare scenario. In other words, the percentages are also "classic"! None of the military wants to talk about this. And, clearly, they never will.

We never will find out the real loss of life in the Chechen war. When the cellars of the houses begin to reek with putrefaction in the spring, they will perhaps start unearthing the dead. But how can you calculate how many people were in those cellars and who they were if the human bones have been pulverized almost to atoms under the huge weight of the building collapsed on top of them?

We will never know how many human lives have been lost during the "restoration of constitutional order," because the "power" ministers and a host of lower-ranking chiefs are lying and will continue to lie to Yeltsin, and the latter to all of us. And the Chechens will lie too; and what's the damned difference between those who now lie on their behalf or together with them?

And who now cares whether the figure is 10,000 or 20,000? If one person dies, it is a tragedy. We who come after perestroyka have forgotten this and compute the corpses of our fellow-countrymen in hundreds and thousands—and do we shudder?

"That, in short, is the way it is," a colonel of my acquaintance told me. "You already know that those attacking a city suffer 30-percent losses. The Chechen fighters' losses, judging by the volume of fire of our artillery and planes and the intelligence data, are 1.5 to 2.5 times higher than ours. You can easily divide the civilian losses by three—I know this from my own experience in Afghanistan—bearing in mind here that their number inevitably includes dead fighters."

"Do you feel better now?"—the colonel asked me.

Like hell I feel better. What about you?

Yeltsin, Federation Council Members To Discuss Agriculture

LD0803153095 Moscow INTERFAX in English 1414 GMT 8 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 8 (Interfax)—Six Federation Council members who are also administration heads of the Stavropol and Krasnodar Territories and the Rostov, Saratov, Penza and Volgograd Regions intend to have a meeting with President Boris Yeltsin early next week to share with him their views on the implementation of the legislation on purchases of farming products and on the status of the country's agriculture, one of them, Yevgeniy Kuznetsov, told Interfax.

He said that the heads of administration in the main farming areas of Russia view the situation in the agroindustrial complex as disastrous.

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Kuznetsov, member of the Agroindustrial Policy Committee of the Federation Council, said he did not advocate crediting the agriculture "because this kind of financial policy does not encourage numerous loss-making farms to work better, because the commercial structures and banks get richer while the credits go through them and because credits contribute to inflation and decline of the agricultural production."

Kuznetsov and other Federation Council members who head administrations in farming areas will insist on stabilizing the fuel prices, reducing the gap between the prices of industrial and farming goods and making advance payments to agricultural producers. He emphasized that the state purchasing program had to be carried out by state structures and protection of domestic agricultural producers must be an organic element of the program.

"Russia has turned into a dumping ground of substandard foreign foodstuffs but we are still supporting the foreign competitors of our farmers," Kuznetsov said. He emphasized that food supply is, in a final analysis, a political issue and neglect of this issue is likely to trigger social explosions.

Cabinet Meeting Canceled To Welcome IMF's Camdessus

LD0903115495 Moscow ITAR-TASS in English 1141 GMT 9 Mar 95

[FBIS Transcribed Text] Moscow March 6 TASS—The Kremlin cancelled the scheduled cabinet meeting on Thursday as Russian Prime Minister Viktor Chernomyrdin sped to airport Sheremetevo to welcome Managing Director of the International Monetary Fund Michel Camdessus to Moscow.

Camdessus is expected to clinch an agreement on the extension to Russia of an IMF 6.2 billion dollar standby loan.

First Deputy Minister of Economics Yakov Urinson cancelled his briefing scheduled for 17.00 on Thursday.

'No Particular Difficulties' Expected in Finalizing Budget

MM0103163695 Moscow ROSSIYSKAYA GAZETA in Russian 1 Mar 95 p 1

[Commentary by A. Yevgenyev under "Topical Theme" rubric: "All It Needs Is Polishing. Federal Budget for 1995 Passes Third Reading"]

[FBIS Translated Text] The 1995 budget passed its third reading quickly and, as they say, with no great harm done.

But the previous day such an outcome was being predicted by many. It was on this day that talks on granting Russia a reserve credit of $6.2 billion began with IMF representatives. The budget holdup was practically depriving the Russian side of any hope of receiving it. Whatever the deputies' attitude toward the Western injections, they could not have failed to know that the IMF money was already included in the Russian budget and that without it all the plans of the Finance Ministry and Economics Ministry would collapse like a house of cards.

It is worth recalling that the budget passed its second reading with the following general parameters: income of 175 trillion rubles [R], expenditure of R248 trillion, and a deficit of R73 trillion.

There has already been an item-by-item revision of the document during the process of preparing and discussing the budget. The R3.6-trillion reduction in appropriations for servicing the internal state debt, for maintaining MVD [Ministry of Internal Affairs] organs and for allowing Moscow to fulfill a capital's functions, for replacing state gold and precious metal reserves, and for increasing other income have provided the chance to review the volumes of financing for certain sectors. A total of R3.2 trillion more than was previously planned has been released for state investment. Agriculture will receive an additional R3.9 trillion (R9.4 trillion in all). Subsidies for the coal industry, including funds to cover debts, have been increased by R1.3 trillion.

Expenditure on maintaining the Armed Forces has been cut by R1 trillion. But another R2 trillion has been allocated for clearing debts for weapons, military equipment, and research and development in the defense sphere.

At the same time appropriations under the item "State Administration" have been cut by R300 billion. The deputies decided that this money will be fully utilized for basic research and facilitating scientific and technical progress. In addition another R600 billion has been found for the same purposes.

As always, there was a very modest increment for workers in education (R300 billion), culture and the arts (R200 billion), and health care (R150 billion).

It is important to note that all calculations were made bearing in mind the increase in the minimum wage to R34,400. This will be effective 1 March for budget sector workers and 1 April for state administration workers and servicemen.

The final, fourth, reading now lies ahead. in finalizing the draft federal budget for 1995 are envisaged, Aleksandr Pochinok, deputy chairman of the Duma committee on the budget, taxes, banks, and finance, believes. "It is just a question of together incorporating all deputies' amendments adopted during consideration of the draft law in its three readings." In other words, all that remains is calculation work as well as legal and linguistic expert study. "We have to double-check all figures and amendments and satisfy ourselves that the balance of income and expenditure has not been upset, and then adopt the draft law as a whole."

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Mironov: New Duma Group 'Stability' Backs Yeltsin Stance

MK0303123595 Moscow KURANTY in Russian 3 Mar 95 p 4

[Interview with State Duma Deputy Viktor Mironov by Vladimir Nazarov: "Stability's Objective Is Stability in Russia"—first two paragraphs are introduction; place, date not given]

[FBIS Translated Text] Thirty-seven State Duma deputies have announced the creation of yet another deputies' group, "Stability." This fact, which, to my mind, does not go beyond the bounds of common sense, has elicited utmost nervousness both at the State Duma and in the mass media. The group has yet to be registered, the days of its existence can be counted on the fingers of one hand, but it is already being called "the war party" and "the president's pocket faction...." The ITAR-TASS report on setting up "Stability" referred to Viktor Mironov, to whom I turned for comment.

"I would like to say from the outset: I an not the group's chief, we have no chief at all, we expect to make do with four or five executives," Mironov says.

[Nazarov] You are being called a presidential group....

[Mironov] This is fair insofar as our stance on the goings-on in Chechnya is similar to that of the president and government. We stand for the revival of Russian statehood, for the retention of Russian integrity, for cracking down on state-sponsored criminal structures. We think that only a strong state can secure the rights and freedoms of its citizens and an economic upswing. In that context we can be called "a presidential group."

[Nazarov] Viktor Pimenovich, who has joined "Stability," and why did you need to set up a new deputies' group nearly on the eve of new elections?

[Mironov] The overwhelming majority of "Stability" members are deputies who were elected to the State Duma in single-seat districts. That is, there is a formidable group of like-minded persons standing behind every one of us in his region. Therefore, we have a serious support base "from Moscow to the remotest corners." Formerly we were all members of different factions—"Russia's Choice," "Yabloko," the Party for Russian Unity and Accord, the Democratic Party of Russia, "12 December." We all parted ways with our factions over differences on Chechnya.

[Nazarov] Maybe you will also set up a new party?

[Mironov] This is a possibility. At any rate, we plan to contest the upcoming elections as a single bloc.

[Nazarov] But you are strong as individuals—each in his region. Why do you need to disappear into a vast list of democratic parties and movements?

[Mironov] So far this talk is pointless—there is no law on elections yet. If we set up a party, it will be, of course, democratically minded. But, unlike other, similar parties, we will be distinguished by a lack of personal ambitions. We have no leaders, nor do we have a presidential candidate....

[Nazarov] And how many candidates can the State Duma present to us?

[Mironov] It is safe to conclude that one out of every 25 deputies dreams of finding himself holding the presidential office. This is a well-known, long-time disease of the democrats: They can never reach agreement or waive their principles, except for Yegor Gaydar. Sergey Shakhray, Grigoriy Yavlinskiy, and Boris Fedorov—people who have no serious forces behind them—have repeatedly stated their intentions to run for president. Surely other "leaders" will show up too. Each of them will try to grab more than his fair share and actually win over a certain part of the electorate, but as a result they may well make way for a communist or a fascist to become president.

[Nazarov] Who do you think stands the chance of becoming Russia's second democratically elected president?

[Mironov] Boris Nikolayevich Yeltsin. But this is my personal view, I do not speak on behalf of my colleagues from the group.

[Nazarov] What do you think about Vladimir Shumeyko's idea of extending the terms of office of the two branches of power?

[Mironov] I fully support it. Look what is going on at the Duma. The Zhirinovskiy faction is virtually completely absent from meetings—they have already started their electoral marathon long before their terms of office as Duma deputies have expired. Others are beginning to follow suit. Elections will only delay the adoption of laws Russia needs so badly.

[Nazarov] It is said that the current Duma lineup is incapable of effective work.

[Mironov] Nonetheless work is going on, things are moving ahead, even if grindingly slowly.

Fedorov Calls For Congress of Democratic Forces

LD0303124995 Moscow ITAR-TASS in English 1123 GMT 3 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 3 (Interfax)—The president of the "Forward Russia" movement, State Duma (lower house of parliament) member Boris Fedorov has called for a congress of democratic forces to meet to analyze the Russia's situation, work out election tactics and agree on forming a coalition government after the elections.

Fedorov said in a statement Friday that the idea of such a congress has long been on the agenda because the democrats' splitting in view of the risk of the restoration

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of a dictatorship on the eve of parliamentary elections was evident as never before.

Fedorov believes that before the parliamentary elections are held and their results analyzed it is senseless and even criminal to argue about the next presidential elections.

Status of Intelligence Community Viewed

MM0303124295 Moscow PRAVDA in Russian 3 Mar 95 pp 1, 3

[Article by Vladimir Sosnovin: "Who Has the Longer Arms"]

[FBIS Translated Text] President B. Clinton recently stated that he now attaches "priority importance" to intelligence activity. In unison with the administration head former CIA Director William Colby is fighting for a "sober assessment" of the military problems which the United States may encounter in the foreseeable future. In a talk with journalists Colby stated in particular: "The threat now comes not from the Red Army, as was the case in the past. Now Iran, Iraq, North Korea, and Islamic fundamentalism could present a threat to the United States. To counter this threat, in his opinion it is necessary to have new approaches different from those used in the period of confrontation between the two superpowers. In particular in Colby's opinion for the struggle against international terrorism "U.S. intelligence should penetrate the structure of terrorist organizations over the course of 5-10 years" in order subsequently to neutralize them.

Intelligence and counterintelligence are expensive and moreover it is hard to finance military programs for the full range of national security. To attain the goal outlined by Mr. Colby there is no need to skimp and embark on the reduction of some major military programs. Lawrence Korb, chairman of the "committee for national security" executive committee, who in 1981-1985 held the post of assistant U.S. defense secretary, includes among the very substantial expenditure on the U.S. Navy's forward basing the maintenance of U.S. troops in Europe, funds for the maintenance of the U.S. military-industrial base, and others.

In all, in the opinion of the experts in the committee headed by Korb, there are over a dozen strategic programs which could be drastically reduced or completely eliminated. They include the development of an air defense system, the building of missiles for the Trident submarines, the program to build the Seawolf submarine and a new strike submarine codenamed "Centurion," the program to create the F-22 fighter on the basis of sophisticated technology, and the program to create the "Milstar" military satellite system.

From the experts' viewpoint the numerical strength of the U.S. armed forces could be reduced from 1.4 to 1.1 million and the number of army divisions from 10 to seven, the number of aircraft carrier groupings from 12 to nine, and the number of air force squadrons from 20 to 17.

Let us note to be truthful that this committee is a nongovernment organization and all its recommendations are hardly likely to be taken into account during the discussion in congress of the draft budget for the next fiscal year submitted by the Clinton Administration. What is interesting in this case is not that point but the fact that expenditure on the maintenance of the intelligence community has acquired a unique holy cow status on which no one may encroach. It may be said that the prestige of the cloak and dagger knights has never been as high in the United States as it is now after President Clinton was photographed against the background of the destroyed Lubyanka.

But what about our own special services? How do they intend to respond to the challenges of the 21st Century? And will they manage to respond properly to the challenges of their own society and their own people?

The renowned "Aquarium"—the General Staff main intelligence directorate—is silent. It looks as though just one man—Rezun-Suvorov—now speaks on its behalf. As we know, he has gone so far as to accuse Stalin of preparing a preemptive strike against Hitler. As though this was not being demanded of the Soviet leader by the counterparts of Rezun's present London masters at the 1939 talks in the desire to start a fire with other people's hands?

Yet Zorge, Rado, and Manevich and hundreds of other antifascist heroes and patriots also worked for the main intelligence directorate. Who will protect the memory of these heroes now, in the year of the 50th anniversary of the Great Victory?

Against this gray background it is pleasant to hear the businesslike, succinct information provided by Colonel General A. Nikolayev, director of the Russian Federal Border Service. This year the border troops' main efforts will be focused on the Baltic, Caucasus, Pacific, and Far East salients and also on the Tajik-Afghan border. In conjunction with other ministries and departments it is planned to hold a series of border operations, including two large-scale ones: "Putina-95" (lasting about eight months) and "Rubezh-95"—for the struggle against illegal immigration and smuggling. The plan for training the border troops and management organs includes carrying out the "Zapad-95" strategic command staff exercises involving the troops of the Northwest border district, the Arctic, Kaliningrad, and Western groups of border troops, and also independent command staff exercises in the Caucasus special border district.

All this would seem to be no bad thing. And indeed of itself the fact that the green berets are withstanding the ordeals of the harsh time of troubles which has fallen to the lot of the Fatherland deserves respect. After all, they are being shot at from both sides of the border which

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their fathers and grandfathers defended in 1945 and they are still holding out. We bow low to you, boys! There is just one line in the general's interview which gives rise to sad thoughts. The main efforts, A. Nikolayev says, listing the current tasks of the troops entrusted to him, will be focused on... "creating the Amur border flotilla." But the Russian border flotilla on the Amur existed back at the time of Czar Nicholas II as one of the most important bulwarks of national security. What kind of a typhoon has now swept the country that this bulwark now has to be created anew?

The director of another branch of the Russian intelligence community, the FCS [Federal Counterintelligence Service], S. Stepashin, tried to give an answer to this question or to be more precise not to give one. It was hard for him, under fire from hostile questions about the reasons why the country's leadership lacks the necessary information about the situation in Chechnya. In the heat of the moment the young general hit on the truth: Over these years, he said, the security organs' network of agents was "largely" destroyed, especially in Chechnya, where the KGB regional directorates were completely destroyed. "We did indeed find our bearings inadequately," he said.

But it turns out that finding one's bearings is not enough. The special service needs hands. Today, Stepashin complains, "they have none." And to the question, who cut off these hands, the director simply refused to reply. He said that the main thing is that they are not there. And now we are restoring them with difficulty. And structures of this kind take many years to prepare.

The director was telling the truth. Only you cannot avoid difficult questions if you want to create your own national security service. No professional training and no weapons will replace the conviction that you are right and loyalty to the Motherland. It is that absolute weapon that was wrested from the hands of our intelligence and counterintelligence staffers in the hard period of the rampaging of double-dyed anticommunism and Russophobia.

We would be unfair to assert that there were no men in the Russian intelligence community capable of responding properly to Clinton and Colby. But so far this role has been assumed by the press secretary of the director of the Russian foreign intelligence service. The world has changed but has not become safer as a result—that is how she commented on the U.S. President's statement quoted at the beginning of the article. Being spared ideological confrontation in no way attests to the disappearance of the national interests of each state, which do not always coincide. "The Russian intelligence service has been and remains one of the most important instruments for ensuring the state's security and also an instrument of its foreign policy."

That is correct. But in practice it is a case of the fact that the Americans have the long arms of the intelligence community preserved in all their strength and, moreover, accorded "priority importance" while in our country in defense of national interests they must be countered by director Stepashin's "stumps."

'Canards' Ascribed to Security Council Refuted

MM0803165995 Moscow ROSSIYSKIYE VESTI in Russian 7 Mar 95 p 2

[Article by Valeriy Kadzhaya, press secretary of the Russian Federation Security Council, under "Official" rubric: "How 'Canards' Are Hatched...."]

[FBIS Translated Text]

Excuse Me, But From What Dossier?

"It all began with the events of 'Black Tuesday,' when the collapse of the ruble occurred. There followed an investigation by the Security Council and FCS [Federal Counterintelligence Service], as a result of which the Federation Council chairman named 'Most-bank' as one of the main instigators of the incident which made a killing from this affair.

The quoted sentence, which begins the article "Painful Reception" under the rubric "Dossier" (see NEDELYA No. 5, page 4), contains a whole bunch of mistakes piled on top of each other. Let us begin by saying that there was never any investigation by the Russian Federation Security Council (this is the department's official title but unofficially even "Council" and "Security" are written with capital letters) or by the FCS regarding the events of "Black Tuesday." But there was a "State Commission To Investigate the Reasons for the Sudden Destabilization of the Financial Market," formed by a presidential edict immediately after the ill-starred fall of the ruble 11 October last year.

Security Council Secretary Oleg Lobov was appointed chairman of the commission and FCS Director Sergey Stepashin his deputy. This is entirely understandable and logical: One of the Security Council's leading areas of activity is to ensure the country's economic security. The service headed by Stepashin is responsible for keeping the country secure from any secret encroachments, including financial ones, from abroad: There were strong suspicions of this in connection with "Black Tuesday." Besides Lobov, from the Security Council Doctor of Economic Sciences A. Troshin, his deputy, who is in charge of this directorate, and another two experts were made members of the commission. That is all. The FCS was solely represented by Stepashin. A total of over 100 people were involved in the commission, which comprised several working groups composed of the most outstanding specialists in the spheres of economics, finance, exchange and banking activity, etc.

I do not know in which "dossier" V. Anisin, the article's author, found information that "Most-bank" was named as one of the instigators of the memorable upheaval on the exchange. Or why it is at all necessary to strike a pose of perspicacity if nobody made any secret of the conclusions from the commission's work. The relevant report

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was initially submitted to the Security Council and was then published in full in ROSSIYSKAYA GAZETA. For the information of Anisin and all those interested in this—in last year's 9 November issue. It clearly and unequivocally places responsibility for the destabilization of the financial market primarily on the federal executive branch's economic organs. That is why A. Shokhin, V. Gerashchenko, S. Dubinin, and V. Krunya were sent into retirement. "All the main factors and reasons that led to 'Black Tuesday,'" the report said, "were known to the federal authorities' economic organs, and their consequences should have been foreseen and promptly averted."

As regards the banks, including "Most," the report notes that although their actions were not unlawful, objectively they created the preconditions for the sharp fall in the ruble rate. On the basis of the state commission report's results the Security Council instructed the Central Bank to check up on commercial banks' activity and, if violations of currency transaction regulations were discovered during their "short-selling" of the ruble, to apply the appropriate sanctions against them, up to and including stripping them of their exchange licenses....

So you see, dear reader, how much can be gotten wrong by a journalist in just one sentence, when he uses some "dossier" instead of checked facts. It is just like in the school example: Five mistakes in a four-letter word—"heaffin" instead of "even." Alas, today an "heaffin wurse" picture can be observed in the mass media.

Agents, Secret Agents, Sources....

In trying to "cook up" a sensation at any cost, certain journalists are starting to ring the bells, forgetting to look at the church calendar first, or to make far-reaching forecasts more reminiscent of reading tea leaves. S. Chugayev's item "President Will Read Out Message and Will Then Reshuffle Personnel," published in IZVESTIYA 16 February this year, is typical in this respect. In it the author cleverly reports upcoming reshuffles in the upper echelons of power: "O. Lobov is leaving his post as Security Council chairman and will be replaced by S. Stepashin. In turn Stepashin will be replaced by General Barsukov. Foreign Minister A. Kozyrev is going to New York as Russia's representative to the United Nations, leaving his post vacant for Ye. Primakov. The post of chief of the foreign intelligence service which thereby becomes vacant will be taken by Yu. Baturin." Marvelous, isn't it? As the engineer Shchukin [allusion unknown] would have exclaimed ecstatically: "Oh yes, first class." But Chugayev's cleverness reminded me of "Fanfan la Tulipe," a film from my youth with the inimitable Gerard Philippe and Gina Lollobrigida in the title roles. It contains an extremely amusing scene when the king of France is holding a military council. "The right flank will go to the left flank," his majesty announces majestically, "the left flank will go to the center, the center...." At this point the king thinks for a moment and then, as if enlightened from above, announces with inspiration: "And the center will go to the right flank!"

"Oh sire, that is genius," the marshals and retinue started cackling in reverence. But "Fanfan la Tulipe" is a brilliant comedy which is jolly and witty. But the IZVESTIYA item aspires to be a serious analysis. To lend the newspaper's guesses a convincing air of authenticity in readers' eyes, Chugayev, when moving the right flank to the left and the left to the center, does this not on his own behalf but on behalf of "extremely well-informed sources in the State Duma." But it is not clear where these sources gush: in the hall of sessions or in the Duma toilet—the author modestly keeps silent about that.

In the same item Chugayev, citing the selfsame "sources in the Duma," reports on a document, "prepared at the end of January by O. Lobov, which (or who—Lobov or the document?), having being signed by the head of state, had to be compulsorily implemented by all organs of authority. The document instructs all structures involved in eliminating the consequences of the Chechen conflict to give priority in all cases to Chechnya's Russian population. Both when allocating humanitarian aid and **when allocating posts in restored local administrations."** Pay attention to the last words highlighted by me. The thought has been expressed so crudely and so provocatively that any impartial person with even the slightest experience of politics will immediately detect an obvious forgery.

Naturally, on the same day the Russian Federation Security Council Press Service circulated a denial which said, in particular, "that this document does not exist at all. It is regrettable that IZVESTIYA has circulated a report that misinforms the public, especially as in its content and thrust it could facilitate the intensification of ethnic discord, hatred, and enmity.

The next day IZVESTIYA published a refutation but not "in an unadulterated form" and, in contravention of the Law on the Press and trying to salvage some dignity, IZVESTIYA inserted it into an editorial notice "On the Question of a Nonexistent Document." It cites the following quotation from the allegedly existing document numbered A-21-32s, which the notice says "formed the basis of the item:"

"Concern is being caused by the extremely grave situation of the Russian section of the Chechen population, which has been turned by the regime (Dudayev's—editorial office) effectively into 'second- class' citizens and which is being subjected to blatant discrimination. In the light of the dangerous lurch now taking place toward the perception of Chechnya as a monoethnic formation, the government should evidently **envisage measures concerning targeted support for this section of the republic's population, possibly based on a special targeted program involving the use of both state funds and the resources of public organizations from other Russian regions, primarily the Cossack community. The federal executive branch's territorial organs must more actively**

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include representatives of the Russian community in the process of restoring the economy, housing, the social infrastructure...." (highlighted by me—V. K.)

Now, dear readers, compare what this quotation says with what Chugayev wrote the previous day. If text can be so cleverly manipulated, even the Gospels could form the "basis" of the next "Mein Kampf" or "Dash to the Pole" [Brosok na polyus].... Or maybe another "basis" exists—a third version of the letter?

As regards "sources"—whether Duma, Kremlin or other sources—there are only two options here. In the first case they are mythical figures behind whom the journalist himself is actually hiding. In the second case they are real figures, but they arouse nothing but disgust. Previously they were called "agents"—in the czar's Okhranka [Secret Police Department], then "secret agents" (abbreviated to "secag") in our own state security, and now "sources." Today only a person who does not have a clear conscience can be afraid of showing civic bravery. Or a very cowardly person, in whom fear lurks in the subconscious, in the genes. The same people who have finally realized that they are citizens are openly defending their civil rights, as it behooves decent people to do.

Anonymous Machinations

S. Chugayev's colleague from KOMSOMOLSKAYA PRAVDA V. Petrov went even further in his conjectures, resorting to blatant foul play. In a report of 15 February entitled "The Pen Is Not Even on a Par With the Sword," he, in confirmation of the authenticity of the aforementioned document A-21-32s, inserts a photocopy of it. In actual fact, this is a commonplace photo-collage consisting of three parts: a reference number on an official form, a text typed on completely different piece of paper, and, finally, the signature of Lobov himself taken from one or other of his letters, maybe even a letter of congratulations.

And what about the text itself? It contains literally the following: "...It is essential, using radio-electronic means of strugggle and the secret services, drastically to step up resistance to the psychological terror perpetrated by Dudayev's supporters against Russian servicemen and their families. Likewise, it is necessary within the sphere of the Prosecutor's Office, the Ministry of Internal Affairs, and the Federal Counterintelligence Service, to take the measures provided for by law to identify and intercept the illegal activity of accomplices of Dudayev's regime taking direct orders from Groznyy."

Everything would seem to be clear and comprehensible. But just look at the conclusion which V. Petrov draws from this simple text: "The question remains: Is the search for 'accomplices' going on within the Russian press?" So, indeed, as the scholastics of the Middle Ages used to like to say, the main thing is not the text—the main thing is the commentary. May we ask you, V. Petrov, what "accomplices among the Russian press" have got to do with anything when the matter concerns protecting Russian servicemen and their families from the psychological terror of Dudayev's supporters? I will explain what this means. In Groznyy, a lieutenant colonel of an airborne division transferred there from Pskov told me that in school where his daughter studies alongside the children of other servicemen, an old guy with a Caucasian appearance called by and asked some of them where their papas were at that point in time. This was reported to the lieutenant colonel by his wife in a letter.

"We are here dodging bullets each day, and there our families live in fear," the officer, who survived the most difficult January battles, hit back. "I do not understand this. Do you?"

I, too, do not understand how it is possible to allow such a thing. Thank God, it has finally been decided to do away with this utter disgrace. But the Russian journalist, instead of supporting the long overdue decision, is beginning deliberately to cloud the issue.

The day after the publication of V. Petrov's report, KOMSOMOLSKAYA PRAVDA came out with another "scandal": A certain interlocutor—"an eminent top Russian Federation Security Council staffer"—gave an interview to its correspondent V. Podoprigora but, as stated in the editorial blurb, the subject, "despite the fact that he is expecting imminent dismissal from his post, demanded as a precondition that his name not be disclosed." The article, which took up almost an entire page, goes under the hugely loaded rubric of "Behind the Scenes Machinations."

So what was reported to KOMSOMOLSKAYA PRAVDA readers by the worthy mystery person from the back-stage tour being proposed? Only the gossip gleaned from our "politoholics" who huddle together in kitchens every evening or stand in line from dawn to dusk for cheap "hair of the dog" state vodka. The "eminent staffer," who claims to have attended a number of Security Council sessions, recounts how P. Grachev and A. Nikolayev had exchanged sharp words, how shrewdly S. Shakhray behaves, and how on more than one occasion "B.N. Kozyrev was given a dressing down for not having speeches ready," and so on, and so forth. This has already been flogged to death a million times over in our press. But the whole charm of the interview resides in the fact that the "eminent staffer from the Russian Federation Security Council apparatus," having replied so openly to V. Podoprigora's questions, does not actually work in the Security Council apparatus, nor did he ever. It is another mythical personality.

Staffers of the Security Council apparatus, who, by dint of their posts, have at times been privy to Council sessions, are few in number. I know them all well. They are bureaucratic red-tape merchants who have caution and vigilance in their blood. Such an interview could only have been given by a "new Russian," springing up nowadays like mushrooms after the rain, including among politicians. The latter differ by the fact that

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barely does one or other secret—by general agreement of the participants—conference or session come to an end than they race blindly over to journalists and, as the song goes, "give 'em the details"! KOMSOMOLSKAYA PRAVDA presented its mystery man as a staffer of the Security Council apparatus either by mistake or in a bid to put the official investigation onto a false trail, as the fact that the subject of the interview is not only not an eminent or even a regular staffer is eloquently indicated by one element which has been left completely unnoticed by V. Podoprigora, but which caught the eye of those who do indeed work in the Security Council apparatus immediately.

It is stated in the interview that "in the Security Council apparatus, as with everywhere else, there is a great deal of ballast—particularly within the body of interdepartmental commissions...." But the problem is that not one of the 10 Security Council interdepartmental commissions has anything to do with its apparatus, each of them is an autonomous institution headed, as a rule, by the first deputy minister of the titular ministry and comprising representatives of departments working at the juncture of mutual interests. Which is why they are called "interdepartmental."

How does the KOMSOMOLSKAYA PRAVDA mystery man justify the reluctance to publicize his name? "You yourself are familiar with modern-day times and morals," he ventures. What times and morals does he mean exactly? Are people locked up nowadays for telling the truth? Are people dismissed from their job for this? Having your cake and eating it is another matter. But this, if you will forgive me, highly unesteemed mystery man, derives from the sphere of morals. Rephrasing old man Krylov [Russian fabulist], it can be said: "Don't go laying your own moral shortcomings at the door of the times."

Were V. Podoprigora to be less wet behind the ears, were he more professional, then according to all the rules of journalism he ought to have checked the reliability of everything being fed to him by the "eminent staffer." He should have determined, after all, whether for all that the matter concerns deeds of great importance for the country and for society, rather than trifles. But nothing of the sort. The correspondent himself willingly and readily swallowed the lot, and with the conscientiousness of a second rate journalist noted down, verbatim, "the news from behind the scenes."

...Files, sources, machinations..... The list could go on. Unfortunately, dilettantism, switching at times to unscrupulousness, determines the style and the norm of our life today. This affects not only many journalists, but also politicians, traders, businessmen, and so on and so forth. And it is here that I see one of the biggest misfortunes of our times.

Migration Service Registers 260,363 Refugees From Chechnya

LD0303132195 Moscow ITAR-TASS in English 1235 GMT 3 Mar 95

[FBIS Transcribed Text] Moscow March 3 TASS—The Federal Migration Service has already registered 260,363 refugees from Chechnya. Their flow is not being reduced. A total of 1,343 people were registered by the migration services during the past two days alone, Sergey Solntsev, head of the press service of the Federal Migration Service, told ITAR-TASS.

According to Solntsev, on March 2 the Federal Migration Service sent a railway car to Mozdok with bedclothes, including 250 mattresses and 1,500 pillows, 3,500 coats and jackets and three field kitchens—to a total sum of 64 million roubles. A railway car with baby food to the sum of 47 million roubles was sent from Krasnodar to Vladikavkaz by the Federal Migration Service today.

Media Issues

Advertising Agency Involvement Suspected in Listyev Death

MK0303131995 Moscow NEZAVISIMAYA GAZETA in Russian 3 Mar 95 p 2

[Report by Antonina Belyayeva, Grigoriy Zaslavskiy under the "Versions" rubric: "Assassination of Vladislav Listyev. Anything Is Possible in Russia Now"]

[FBIS Translated Text] We are sure—nobody doubts that the murder was not accidental. Since the time the presidential edict on public television was signed, the question arose: Who will be in charge of advertising at the first TV channel? Many advertising agencies have been ready to fight to the last ditch for the monopoly over the use of that advertising space. Such ambitions have been shown by Mr. Mitroshenko (LogoVAZ-press), agency Avrora, InterVID and others. The contract for the first quarter of 1995 was concluded with Mr. Lisovskiy's agency, Premier SV. The founders of Public Russian Television (PRTV), however, decided to stop airing commercials on the first channel as of 1 April (with the exception of the so-called social advertising) or to impose certain restrictions (naturally, any limits could be set). According to the official version, a moratorium was declared in order to liberate the first channel from the excessive control of advertising agencies, especially the Reklama-Holding agency.

After the moratorium ended, two possibilities were contemplated by the PRTV founders—setting up of a department responsible for selling advertising time or creation of their own advertising agency. In any case, all rights to advertising time on the Ostankino channel were to be transferred directly to PRTV.

The tactic for selling advertising time on the PRTV channel was supposed to be as follows: possible dumping, i.e., sale of advertising minutes at low prices, in March. Hence, the position of the advertising monsters—having formed the Reklama-Holding consortium—was to be shattered. The services of Reklama-Holding were declined (according to an official who has chosen not to be named) for quite obvious reasons—

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disagreement about the price. PRTV offered its advertising time at a price 20 percent higher than that which Mr. Lisovskiy was ready to pay. The second quarter of the year would not have produced any profit for the new public television company. A question arises: Where could PRTV find money to survive that period (making no reference to the minimization of expenses)? According to unofficial sources, such funds could be available. At the time when the Inkombank quit as one of stockholders, some of its shares were bought by Rem Vyakhirev (Gazprom) who intended to make significant investments in PRTV (i.e., for the right to control advertising time). According to other sources, one of the biggest banks—Stolichnyy—was also interested in financing the channel. Negotiations continued...

The PRTV founders had in mind some additional ways to attract funds. There was an idea to restrict the use of commercials on the state channel of the All-Russian State Television and Radio Broadcasting Company (by means of legal edicts). This quite feasible fantasy appeared at the same time as the emergence of the edict banning advertising of alcohol and tobacco. That edict was prepared by the Legal Chamber on Information Disputes at the president's office long ago but was kept shelved for three or four months to be signed quickly later. The confidential character of this procedure was such that it is impossible to discover who is behind that edict.

The struggle for monopoly in the advertising market costs a lot—but it is worth the money. The cost is higher than a human life.

The first explanations for the murder belong to journalists, and they are based largely on insufficient information.

Thus, the first version relates to last Monday when it was publicly declared that the new television company intended to give up airing commercials. Since Reklama-Holding now controls virtually all advertising on the Ostankino channel, it was to that agency that the new public television probably was going to say goodbye. This certainly could hardly have been taken quietly. In any case, the advertising agency must be ready to prove its alibi—the actual criminals and organizers of the murder, without any doubt, have considered the possibility of such logic, and already today most people link the assassination of Vlad Listyev precisely with the "advertising demarche" of the yet unborn PRTV.

The second version implies still more rapid developments. It is known that on Monday, Vladislav Listyev announced a new telecasting schedule. The decision was made at the Ostankino Board of Directors. A lot of people showed discontent, since everybody on TV goes all out now for every minute of air time. Listyev's friends, who talked to him that evening, said that Vlad looked unbelievably exhausted. People who were close to him also mention other possible reasons for his murder. Listyev said "no" to several banks that wished to join the Board of Directors; he also often denied air time to some people whose decency he was not sure of.

Military Issues

Armed Fighters Reportedly Sent to Moscow From Dniester

LD0803223795 Moscow Radiostantsiya Ekho Moskvy in Russian 2040 GMT 8 Mar 95

[FBIS Translated Text] Russia's Federal Counterintelligence Service today began studying material connected with the possible dispatch to Moscow of armed fighters from the Dniester region. It involves members of the former Riga OMON [special militia] units, who have lately been staying in the Dniester region and taking part in several combat operations. Our radio station was informed about the transfer to Moscow of the former OMON members by Mikhail Bergman, deputy commander of Russia's 14th Army. According to him their dispatch began on 3 March and it is being directed by Vadim Shevtsov, the Dniester region's Minister of State Security. The OMON members are being supplied with false documents, weapons, and special communications equipment. The fighters are to be well paid in dollars for some operation that is scheduled to take place in Moscow on 18-20 March. Mikhail Bergman does not know the nature of the operation. He claims, however, that the OMON men will be met in Moscow by supporters of [Aleksandr] Barkashov [chairman of the Russian National Unity organization] and [Vladimir] Zhirinovskiy [chairman of the Liberal Democratic Party of Russia]. So far there has been no comment on this information by Russian or Moscow law-enforcement bodies.

Defense Industry Offers New Forms of Military Cooperation

LD0303125595 Moscow INTERFAX in English 1123 GMT 3 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 3 (Interfax)—The Russian Security Council's Interdepartmental Commission for Defense and the State Defense industry Committee have drafted a federal program for military and technical cooperation with foreign countries. The project aims to promote Russia's feasible scientific studies and dual purpose technologies on foreign markets.

As Yuriy Andreyev, secretary of the Commission has told Interfax, the program features those areas of military and technical cooperation which "will keep domestic designers and manufacturers of munitions permanently employed." Among the most prospective fields in the program, he referred to foreign contracts to upgrade SU-27 and MIG-29 aircraft, APC-3 army personnel carriers, Kornet anti-tank rocket launchers, and ZRK S-300 anti-aircraft rocket launchers.

Yet another interesting program provides for designing arms on NATO standards, including guns complete with

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ammunition, artillery systems, aviation bomb launchers. Contracts with China, South Korea, France, and Germany envisage the creation of short-range anti-aircraft missiles, aircraft instruments, and artillery guidance systems.

The implementation of this program, as Andreyev stressed, will guarantee copyrights to military inventions "and will curb the drain of advanced Russian technologies abroad."

Regional Affairs

Reportage, Commentary on Conflict in Chechnya

Dudayev Says 'War May Last for 50 Years'

LD0903132595 Moscow INTERFAX in English 1102 GMT 9 Mar 95

[FBIS Transcribed Text] VILNIUS, Mar 9 (Interfax)—"The Chechen war may last for 50 years", Chechnya's leader Dzhokhar Dudayev predicted in an interview, carried in the Lithuanian newspaper LIETUVOS RYTAS Thursday.

He believes that the Chechen problem can be settled exclusively by peaceful means, and Russia, according to him, has every chance for that. "However, a military party rather than reason dominates in Moscow, a party that is interested in tension all over the former Soviet Union," Dudayev declared.

In his opinion, there is no real political opposition in Chechnya, what there is just "a criminal opposition, having one program—an armed take-over." For this reason, Dudayev contends, "Moscow is unable to form a provisional government."

"Chechnya is ready to negotiate a settlement with anyone who has power and the final say," Dudayev said, dooming military negotiations to failure since, as he put the agreements they reach, are "usually not fulfilled."

He claimed that no less than 25,000 civilians had died as a result of the conflict in Chechnya, and he put Russian army casualties at 18,000-20,000 men.

Dudayev concludes from what has happened in Chechnya that "Russia, which has pursued imperial policy for 500 years, has now become even more aggressive and dangerous." In his opinion, the Russian people "are already sick with Rustics", which is more grisly than fascism, Nazism, chauvinism. The Russicism-stricken Russians, as Dudayev noted, "believe that they should come to the undeveloped geopolitical spaces of the former USSR." And since "in Caucasus and Central Asia everything has already been destroyed," by Dudayev's predictions, "they will go to prosperous Europe, the Kaliningrad region, and will then lay claims to Poland, Yugoslavia, and so on."

"Never has the threat of a nuclear weapon been as real as now, Dudayev declared. For this reason, Russia's nuclear arsenal should be controlled by the world public."

Bus Destroyed by Mine; Seven Killed

LD0703135595 Moscow ITAR-TASS World Service in Russian 1314 GMT 7 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Translated Text] Mozdok (North Osetia) 7 Mar—A bus carrying 13 refugees was destroyed by an antitank mine, put there by Dudayev's militants five km east of the Samashki settlement. As a result of the tragedy, which happened on Monday evening [6 March], seven bus passengers were killed and 14 were wounded, ITAR-TASS learned today at the press center of the command of the joint group of federal forces.

According to the press center, the bus with the refugees was on the Groznyy-Sernovodsk route, accompanied by four vehicles headed by a representative of Chechnya's migration service. Medical personnel from the nearest post of the Russian Ministry of Internal Affairs' internal troops gave first aid to the wounded passengers, and the post's vehicle was used to deliver remaining passengers to Sernovodsk.

Army Said To Agree Not To Shell Achkhoy-Martan

LD0803173295 Moscow ITAR-TASS in English 1714 GMT 8 Mar 95

[FBIS Transcribed Text] SAMASHKI, Mar 8 (Interfax)—At Wednesday's meeting between representatives of Russia's federal troops in Chechnya and the administration of the Achkhoy-Martan district an agreement was concluded that the Russian side should stop shelling villages in that district bordering on Ingushetia. It is still unclear when the shellings may end, though. However, the prefect of the Achkhoy-Martan district Salamu Umalatov has said it was decided to stop the shellings "as of today".

IF's correspondent reports from the site that the meeting was accompanied by an artillery cannonade as federal forces continued to shell the blockaded high-altitude village of Bamut. The shelling began on Wednesday morning.

Umalatov said that the negotiators also discussed the terms on which Russia might open the road to Achkhoy-Martan to civilians. No agreement was reached.

The Chechen delegation consisting of 13 officials led by the prefect handed over to the representative of the federal troops command in Chechnya, General-Lieutenant Yuriy Kosolapov a resolution approved by an assembly of local residents asking Russian troops to avoid opening fire on residential areas of Chechen communities. The prefect of the Achkhoy-Martan district

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said there were no regular armed formations in any of the communities in the district.

Umalatov said, however, he did not regard the guarantees given at the meeting by the Russian and Chechen sides as exhaustive or decisive.

"I have no certainty about that, because such agreements were repeatedly concluded in the past only to be abused later", he said.

[Moscow INTERFAX in English at 1714 GMT on 8 Mar in a Achkhoy-Martan datelined report carries the additional following information: "On the eve of the talks, throughout last night, and on Wednesday morning federal troops continued to shell Achkhoy-Martan, a community on the border with Ingushetia, a mere several kilometers from the high-altitude village of Bamut.

Federal forces take positions one and a half kilometers away from Achkhoy-Martan. The community's authorities have said that nine people died in last night's shelling.

According to the Chechen militants' headquarters two villages—Staryie Atagiy and Novyie Atagiy (25-30 kilometers south of Groznyy) came under heavy fire from multiple rocket launchers. The headquarters claims that some areas in the Northwestern outskirts of Groznyy are still controlled by the militants."]

Russian Troops Wounded in Groznyy Overnight

LD0903083995 Moscow ITAR-TASS in English 0744 GMT 9 Mar 95

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok March 9 TASS—Several Russian soldiers were wounded during intensive attacks of Chechen militants in Groznyy overnight, a spokesman of the Russian command in Mozdok told TASS on Thursday.

Small arms and mortars mounted on vehicles were used to shell several checkpoints of Russian troops in the Chechen capital. The posts in the Leninskiy district of Groznyy where the elite OMON [Special Unit Militia Detachment] police force from the city of Yaroslavl is based came under especially heavy fire.

The spokesman said over 20 checkpoints have been set up in Groznyy. New posts are being established in the area of Chernorechye which has been recently cleared of militants.

Federal Forces Shell Positions in Achkhoy-Martan

LD0903133095 Moscow INTERFAX in English 1102 GMT 9 Mar 95

[FBIS Transcribed Text] GROZNYY, Mar 9 (Interfax)—On Thursday night artillery of the federal forces inflicted infrequent strikes against positions of the Chechen home guards near the populated centers in the Achkhoy-Martan region. The populated centers of Samashki, Bamut, Zakan-Yurt, and Achkhoy-Martan came under fire.

As it was reported earlier, at the meeting between representatives of the federal forces command in Chechnya and delegation of the Achkhoy-Martan region administration held at the checking point of the Russian forces near the populated center of Samashki the parties reached an agreement to stop artillery shelling of living quarters.

However, as reports our Interfax correspondent from Achkhoy-Martan, on Thursday morning the federal forces started shelling the mountainous village of Bamut, which is blocked by the Russia forces, from multiple launch rocket systems.

No 'Active Fighting' by Federal Troops in Chechnya

LD0903150195 Moscow INTERFAX in English 1340 GMT 9 Mar 95

[FBIS Transcribed Text] MOZDOK, Mar 9 (Interfax)—Federal troops in Chechnya "have not conducted active fighting" over the past few days, a spokesman for the command of the military contingent in Mozdok told Interfax on Thursday.

He said that units of the Russian Armed Forces left Groznyy and occupied positions near the militants' main strongholds - Argun, Gudermes and Shali.

"So far there has been no order to liberate these settlements from illegal armed formations," said the spokesman.

The armed forces are conducting the rotation of servicemen in Chechnya. The spokesman said that so far not all units of the airborne troops and the infantry which had begun military operations in Chechnya have been replaced. It is planned to complete the rotation by the end of March. The arriving servicemen are undergoing special training.

Military Says Everything Being Done To End Conflict

LD0903110295 Moscow ITAR-TASS World Service in Russian 1006 GMT 9 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Translated Text] Mozdok (North Ossetia), 9 Mar—The command of the joint group of the federal troops is doing everything to end the armed confrontation in Chechnya as soon as possible and prepare conditions for the return of republic residents to peaceful work and soldiers to the places of their permanent deployment, says the command's appeal to soldiers' mothers, public and religious organizations, and participants of a peaceful march that started in Moscow on 8 March. The appeal,

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which was circulated through press centers, says that several meetings with field commanders were held at the initiative of the military and a number of proposals aimed at stopping the pointless bloodshed were formed.

The military believe that combat actions should be stopped immediately, all hostages and POWs should be freed, and heavy weaponry and crew-served weapons should be handed over. The command of the joint grouping also suggests that the militants return to their permanent abodes and Groznyy becomes a demilitarized zone.

The appeal contains a proposal to complete the setting up of capable local law enforcement bodies, to have self-defense detachments up to 30-strong in populated localities, and to store all firearms in these detachments under the control of the militia. There is a possible situation that troops will not enter settlements in the case of there being no armed resistance from them.

The appeal expresses a request to mothers to help the military in any way they can in explaining the meaning of these proposals at meetings with representatives of various sections of the population.

Official on Restoration of Chechen Infrastructure

LD0903111295 Moscow Radio Rossii Network in Russian 1000 GMT 9 Mar 95

[FBIS Translated Text] The restoration of housing at farms and agro-industrial facilities is due to begin in four northern Chechen regions this month, Petr Surov, deputy chairman of the state committee for restoring the economy and the social sphere of the Chechen Republic, has said in an interview with RIA. He also stated that the main task at present is to restore essential services in Groznyy. At issue, in particular, are the March power supplies to bread-baking plants and the network of water collectors, sewage, and gas distribution stations. Surov noted that the Finance Ministry, as well as authorized commercial banks, has been instructed to outline a comprehensive system of financing for the restored facilities before 15 March.

Plight of Chechen Refugees Viewed

954E0635A Moscow TRUD in Russian 3 Mar 95 p 2

[Article by Lidiya Grafova, chairman of the Coordinating Council for Assistance to Refugees and Involuntary Migrants: "Residents of an 'Arrested City'"]

[FBIS Translated Text] Last Friday the public Civic Assistance Committee and the Coordination Council for Assistance to Refugees and Involuntary Migrants organized a picket of refugees from Chechnya in front of the White House.

"Government! We did not ask for our homes to be destroyed or our property burned. Give us back what we have lost because of you!" and "We were not killed in Chechnya, do not let us die in Russia" are written on the picketers' signs. None of the occupants of the White House, of course, came out, and only correspondents (there were many of them) hurried to photograph a quiet picketer, and the government security detail inquired as to whether these citizens had official approval to stand here and cry.

After returning to the editorial office I met Larisa Kochetkova, who had delayed going to the White House. This beautiful girl, a sanitary inspector from Groznyy, came to me for the first time a month ago, then disappeared, and now she had returned—looking like an old woman. It turns out that she went to Groznyy, where she wanted to gather her sick relatives but had been unable—the commandant's office had taken away the passports of all residents remaining in basements and issued certificates in exchange, with which it was possible for each person to get a can of stewed meat per day. But they were not allowed to leave!

Larisa made her way into the "arrested city" with a motor vehicle convoy of the MChS [Ministry of Civil Defense, Emergency Situations, and Recovery from Natural Disasters], which was picking up the wounded, and also returned with them; there was still room, but the commander did not have the right to take people without a passport. She cannot forgive herself for not begging for her parents' passports at the commandant's office, she had only two hours, and she lost her head..

"It is hell, hell there... There is no light, water, or food, and for some reason 10 kilograms of salt were issued per person. People come out of the basements in order to get water from a puddle, but then right at your feet there is a torn-off hand, and another time, somebody's head. And the shooting never stops. The state of mind of many there is disturbed, and they do not care anymore whether they live or die. There were cases of cholera last summer without any war in the city, but now... I am a doctor, I know! The city must be evacuated immediately!"

Experts of the UN Office of the High Commissioner for Refugee Affairs who returned from the conflict zone spoke with alarm of the serious threat of an epidemic (and not only in Groznyy). They invited journalists to a news conference in order to bring pressure with the help of publicity on member country-donors who are still responding merely listlessly to the call to help Chechnya. There was a request for $10 million, but only $1.6 million was received. Officials of the Office of High Commissioner for Refugees are not losing hope; they have already opened two offices in regions bordering on Chechnya, and they themselves control the distribution of humanitarian deliveries. Is it possible that something other than canned stew will get to the Groznyy residents?

Reestablished Chechen TV To Broaden Telecasting Area

LD0903142995 Moscow ITAR-TASS in English 1342 GMT 9 Mar 95

[By ITAR-TASS correspondent Sergey Ostanin]

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[FBIS Transcribed Text] Mozdok March 9 TASS—Chechnya's television net, which was reestablished after the conflict abated, will be broadening the telecasting area, ITAR-TASS was told today in the press centre of the territorial federal executive administration.

Chechen television journalists will be assisted by colleagues from Krasnodar and Astrakhan.

The television was restarted in December 1994 with help from television jopurnalists of Chechnya-neighbouring Stavropol territory.

Telecasting is based at Znamenskoye, continues 1.5 hours a day, and covers 100 km. Technical assistance from the neighbour regions will expand the coverage area to 500 km.

Subjects of television programmes are disarmament of Chechen units, settlement initiatives of the command of Russian federal troops and economic problems of Chechnya.

Karachayevo-Cherkess 'Conflict' Viewed

MM0703151795 Moscow ROSSIYSKAYA GAZETA in Russian 7 Mar 95 First Edition p 2

[Article by Anna Kozyreva: "Options Are Possible. Karachayevo-Cherkess Republic May Become Another 'Hot Spot' If Urgent Steps Are Not Taken"]

[FBIS Translated Text] There is a popular saying: "Call me a pot, but don't put me in the oven." If this saying is translated into present-day political language, it looks like this: "Call me what you like, just give me more authority."

Strictly speaking, that was how the incumbent head of the Karachayevo-Cherkess Republic [KChR] answered the following question from journalists: What is the difference between the two posts—head of the KChR and president of the KChR? Needless to say, the word "president" does nonetheless seem more respectable, but the head of the KChR has just as much authority. And that is precisely what many people—primarily legislators—in the republic do not like. They would like to have a parliamentary republic and not a presidential one, no matter what the president himself is called. But as head of the KChR Vladimir Islamovich Khubiyev, who is chairman of the Council of Ministers, takes the opposite view.

However, disagreements regarding the form of rule in the republic are just the visible aspect of the conflict. Before investigating what is going on in Karachayevo-Cherkessia we have to go back a few years.

Thus, 30 November 1990 a session of the Karachayevo-Cherkess Autonomous Oblast Soviet of People's Deputies decided to leave Stavropol Kray and become an autonomous republic. There was no referendum on this question. But deputies decided that even without the people's consent they could enhance both their own status, by immediately becoming deputies of the republic's Supreme Soviet, and the status of their native land. The executive also enhanced its status by becoming a Council of Ministers. However, the two branches of power reached a gentlemen's agreement that they would govern the republic on the principles of parity for all Karachayevo- Cherkessia's indigenous peoples, that they would periodically rotate cadres, replacing specialists of various nationalities in senior posts, that they would hold elections to the republic's Supreme Soviet, and that they would formulate together and subsequently adopt a constitution.

And suddenly it somehow turned out that the KChR had begun to bring up the rear in Russia in terms of the main economic indicators. People felt deceived. After all, when the new republic was proclaimed strenuous efforts were made to prove that Stavropol Kray took the lion's share of the products manufactured in the autonomous oblast, that it was worth seceding—and that rivers of milk would flow....

The political situation began to deteriorate after the republic's representative organ proclaimed the Karachay Republic 3 December 1991 in accordance with the Russian Federation Law "On the Rehabilitation of the Victims of Repression." The Cherkess immediately considered their rights to have been infringed, because their attempt at the same session to restore Cherkess statehood, eliminated contrary to the people's wishes in 1957, had failed. What is more, during the recent Russian Federal Assembly elections the Cherkess were unable to elect a representative for the first time since 1926.

Whereupon it became clear that the principles of parity and rotation of cadres in the republic's leadership organs are not being observed. Accusations were leveled at Khubiyev that he, himself a Karachay, gives preference when appointing new people to a post to his own ethnic group and sets clan interests above everything. The head of state's enemies are trying to prove that even during privatization almost 90 percent of the property ended up in the hands of Karachay.

Incidentally, representatives of almost 100 peoples and ethnic groups live in the republic. But only five are considered "components": Russians, Karachay, Cherkess, Abaza, and Nogay. Russians form the largest component—42 percent—followed by the Karachay—32 percent, while there are far fewer Cherkess, Abaza, and Nogay.

However, five of the 10 cities and rayons of republic status are led by Karachay, three by Russians, one by a Cherkess, one by a Nogay, and none by Abaza.

That is how it all began.... The Cherkess began to try to create their own autonomous formation—but within Stavropol Kray—while the Russians began to leave the republic and the Abaza sent a request to the Duma asking "for recognition of the genocide against the Abaza people during the Caucasus war and the adoption of a

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law on their status as an exiled people in order to restore historical justice," saying that they had decided to create an Abaza administrative rayon; the Nogay also wanted to have "their own" rayon, and the Cossacks also recalled their rights. The Abaza and Cherkess peoples have recently held congresses along with the "Rus" public movement....

The movement's chairman, Nikolay Pervakov, calls both branches of authority illegitimate, since all the changes occurred without any elections, without the people's involvement.

A joint congress of the Abaza, Russian, and Cherkess peoples 11 February 1995 adopted an appeal to Russian President Yeltsin. It says in particular: "Boris Nikolayevich! We ask you personally as guarantor of our constitutional rights to relieve our peoples of the party nomenklatura regime, restore democratic principles of government, and ensure individual freedom in Karachayevo- Cherkessia."

Now 4 March marks a kind of jubilee in the republic—five years since the current corps of deputies was elected. According to Article 11 of the Law on the KChR Council of Ministers, "the Council of Ministers operates within the the term of office of the Supreme Soviet...." You would have thought that both branches of power should be newly elected at the same time. But the deputies unexpectedly abdicated their authority themselves, issuing a statement to voters in which they admitted that they "could not fully perform" their assigned tasks.

The head of the republic did not abdicate his powers at the same time. It has turned out in practice that power today is concentrated in the hands of one man until new elections are held at some as yet unknown date. Viktor Savelev, chairman of the KChR People's Assembly, believes that it is necessary to hold a referendum on the republic's status. Vladimir Khubiyev, on the contrary, is convinced that a referendum is unnecessary.

Savelyev attributes his desire to return to Stavropol Kray to the fact that many of the KChR's peoples today "do not want to be an autonomous formation within Russia, but just part of Russia." And this has nothing to do with separatism since it is not a question of secession but of reunification.

The Russian president recently set up a conciliation commission, which has already set to work. The commission is to formulate a version of the constitution and an election law that suits the conflicting parties. What is more, it is also expected to come up with specific proposals—for instance, to recommend that a referendum be held or, say, an interim administration be appointed until a general election is held. Various options are possible, so to speak....

Cabinet Remains Only Legitimate Body of Power

LD0903101595 Moscow ITAR-TASS in English 1009 GMT 9 Mar 95

[By ITAR-TASS correspondent Nikolay Styazhkin]

[FBIS Transcribed Text] Cherkessk March 9 TASS—The Council of Ministers of Karachay-Cherkessia is now the republic's only legitimate body of power, according to Oleg Dyba, press-secretary of the chairman of the Council of Ministers.

He spoke after the expiry in early March of the term of the republic's legislature, the National Assembly.

Of the legislature's 134 members, 101 stepped down on March 4, 1995.

The press secretary said the Council of Ministers is entitled to govern the republic single-handedly under the law "on the Council of Ministers of the Karachay-Cherkess Republic".

Gorbachev Interviewed on Novosibirsk Visit

954F1663A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 28 Feb 95 p 5

[Interview with Mikhail Gorbachev by Vladimir Kuzmenkin; place and date not given: "'For Me It Was a Test': Blitz-Interview for VECHERNIY NOVOSIBIRSK"]

[FBIS Translated Text] **In all honesty, I was simply uncomfortable asking Mikhail Sergeyevich whether he was going to run in the presidential elections and how he feels about Yeltsin. After all, over two days of the first and last USSR president's visit to Novosibirsk, he had been literally hounded by these questions. There was a direct broadcast, which, to viewers' delight, was extended—an unheard-of occurrence for us; and Gorbachev said a lot things. Therefore at the reception given by Senator Manannikov in honor of President Gorbachev the logical thing to do was, to use the latter's language, to simply have an "exchange..."**

[Kuzmenkin] Mikhail Sergeyevich, when you were president, you never got to come here.

[Gorbachev] It did not work out that way. This time, however, Federation Council Deputy Aleksey Petrovich Manannikov began to show initiative. My colleagues met with him. They established good contacts, and began a dialogue. They began to discuss it while I was making other trips. So here I am now. What can I tell you? Novosibirsk impressed me tremendously. I think that a trip to Novosibirsk is a test of sorts. In some places everything is simpler; here, however, people will tell you, bring things up, ask questions...

[Kuzmenkin] You said at the plant today that you were in power for 40 years. Now for several years already Gorbachev has been a private individual. How do you feel in this role?

[Gorbachev] You know, I have the feeling that I am continuing to do the same thing. And in fact I have written a book during this time, describing everything as it was. And therefore I had a chance to rethink everything. And I think that I did the right thing. First, it was

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important for me: To weigh everything once again. And second, I reconstructed everything, so to say, and saw with even greater certainty where was the right choice and where was miscalculation.

[Kuzmenkin] How far ahead is your life scheduled?

[Gorbachev] To 1 January of next year.

[Kuzmenkin] Speaking of life—you came alone, without Raisa Maksimovna.

[Gorbachev] It so happened that she could not come. Raisa Maksimovna regrets it very much. I talked to her. I told her: Siberians are asking why you did not come. And she said: Tell them you could not take me with you... She wanted to come very much—after all, her native parts, the Altay, are close by.

[Kuzmenkin] What are your impressions of the visit to Novosibirsk?

[Gorbachev] I am very happy to be here. I came here with a certain trepidation, knowing that Novosibirsk is a place where contacts will reveal a lot. I am very happy: To say that it was a warm reception is nothing... City residents showed a lot of interest. I had wonderful contacts. The kind of dialogue I was waiting for. And I thank Novosibirsk residents for this. You know, they are people of great substance.

And the city is special, not only geographically: It is a huge city, a center of science, culture, industry, and, after all, I think: Novosibirsk is a city that is not only for today but also for tomorrow.

"Mikhail Sergeyevich," interjected oblast council deputy Aleksandr Plyushkin, known to VECHERNIY NOVOSIBIRSK readers for his ideas on bigamy, "tell me: Can Novosibirsk be called a city of male potential?"

"And female too..." Gorbachev had a chance to reply before being snatched by other guests burning with the equally passionate desire to "exchange."

Sverdlovsk Report on 1994, 1995 New Tasks

954F1481A Yekaterinburg OBLASTNAYA GAZETA in Russian 25 Jan 95 pp 2-3

[Report by V. Trushnikov, first deputy chief of administration of Sverdlovsk Oblast and first deputy chairman of the Government of Sverdlovsk Oblast, at an expanded meeting of the oblast government; date not given: "On the Results of Work in 1994 and the Basic Directions for the Activity of the Administration for Resolving Social and Economic Problems in 1995"]

[FBIS Translated Text] Esteemed participants in the expanded meeting of the oblast government!

In the development of the socioeconomic situation last year in our oblast, as in Russia, one can single out two main stages.

The first—from January through August, when the federal government was implementing a strict policy to curb inflation. But these good intentions to create favorable conditions for stabilizing the economy led to the opposite result.

The volumes of the enterprises' financial indebtedness to one another and to the budget began to grow catastrophically and, as a result, so did idle time and shut-downs of production.

During July-August there was a forced change in the credit- monetary policy of the Government of the Russian Federation brought about by the growing crisis of mutual nonpayments, which paralyzed entire branches of the management system, and, as a result, in September the second stage began, which caused a change in the economic dynamics. The rates of inflation and interest rates on bank credit grew, and the process of increasing the real savings of the population which was just beginning came to a halt.

Especially in the fourth quarter there was a leap in prices of consumer goods, mainly food products. Toward the end of the year the growth rates of wages, which during the summer and at the beginning of fall remained ahead, again lagged behind the growth rates of retail prices, which significantly complicated the administration's work for stabilizing the standard of living of the population. This is the administration's main task.

The well-being of the residents is determined first of all by the condition of the consumer market and the situation in the branches of material production, mainly in industry.

On the whole the volume of industrial production decreased by 20 percent in 1994.

It should be noted that the decline of industrial production here was less than in other oblasts and republics of the Ural Economic Region, with the exception of Orenburg Oblast and the Republic of Bashkortostan. As usual, we are ahead of our neighbors in terms of volume of output and profit in industry. We are also ahead of them in production effectiveness.

There are a number of positive aspects of the work of individual branches and productions. Industry in the cities of Kachkanar, Krasnouralsk, Serov, and Asbest operated at a level close to last year's indicators. As compared to 1993, there was an increase in the production of high-grade cold rolled steel, heat-hardened rolled metal, asbestos cement pipes, crushed rock and gravel, forge-press machines and machines for continuous casting of blanks, and a number of other types.

In terms of degree of adaptation to the modern market conditions, the enterprises of the oblast industry can conventionally be divided into three groups.

The first includes branches that produce products for final consumption—machine-building and light

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industry. They have typically had a significant drop in production, twice as great as in industry as a whole. Correspondingly, a number of other economic and labor indicators are worse here: downtime, wages, defaulted indebtedness. More and more frequently enterprise managers have been forced to bring the number of workers into line with the real production volumes. During last year the number of jobs decreased by 15 percent.

The main causes of the crisis situation in these branches are the insolvency of potential clients, the inability of the products to compete with foreign analogues, and the outdated fleet of equipment.

But the fact that the profitability of products and the amount of profit in machine-building exceeds analogous indicators of the majority of other branches shows the existence of internal reserves for improving the financial-economic situation and updating technologies. To take advantage of these possibilities of invigorating production, however small they may be, is the task facing the managers of enterprises.

The situation with the production of consumer goods is the clearest confirmation of this conclusion. The majority of enterprises that produce them still do a poor job of studying and predicting the demand for their products. Far from all enterprises have made marketing services the leading ones which are capable of studying the commodity markets of Russia and countries of the near and far abroad. For the sake of objectiveness, one must say that the administrations of the oblast and cities have not worked hard enough to create an infrastructure that helps the enterprises to solve the aforementioned problems. In our view this is one of the main tasks in the administration's work for rendering assistance to enterprises in stabilizing their work.

Nonetheless there are enterprises in the oblast where the aforementioned problems are being solved rather successfully. They include the Kachkanar Formanta plant, which produces vacuum cleaners that meet the European standard, washing machines, and television sets; the Berezovskiy rug factory; the Turin pulp and paper combine, which has mastered the production of high-quality wallpapers; and others.

The second group includes enterprises of raw material and intermediate branches. The situation is more favorable here, especially at those whose products are in demand on the world and domestic markets. These include mainly ferrous and nonferrous metals, ferrous alloys, lumber, and others.

Thus at the Serov and Klyuchevsk ferrous alloy plants the increase in product output amounted to 12 and 13 percent, respectively, during the year; the Yekaterinburg plant—almost double, the Bogdanovich refractory plant—10 percent; the Turinsk pulp and paper combine—8 percent; and the indicators were relatively poor at the Kachkanar ore enriching combine and the Nizhniy Tagil metallurgical combine.

The third group is represented by enterprises that are included in the life support system. They are mainly the heat and electric energy and food industry. Their peculiarity is that there is a relatively stable demand for their products. As a result, the reduction of production volumes here has been significantly less than the industry average (by 16 and 6 percentage points, respectively).

But they have serious problems too, particularly those related to the aging and significant wear and tear on production capital. Thus in the next few years 90 percent of the basic equipment of the electric power plant of the Sverdlovenergo joint-stock company and the Beloyarsk nuclear power plant will have been in operation throughout their anticipated service life. Under existing economic conditions the enterprises do not have enough of their own capital to maintain the necessary technical level, which causes great fear over the future of the oblast electrical energy industry. In order to partially solve the problem we are working on the question of building a new BN-800 block at the Beloyarsk nuclear power plant. This will make it possible not only to augment the energy capacities but also to preserve the city of Zarechnyy.

In order to improve the state of affairs in industry, the oblast administration has adopted a number of measures to support enterprises of the fuel-energy, metallurgical, and defense complexes.

A great deal of attention has been devoted to solving problems of providing fuel for electric power plants, including the utilization of local coal and the formation of a rate policy for thermal and electric energy. We have managed to reach an agreement with Pavlodar Oblast of Kazakhstan and to provide a steady supply of Ekibastuz coal for the oblast energy workers at acceptable prices.

There is no doubt that the oblast administration will continue this work. Under today's conditions special attention must be devoted to saving on energy. This work must be conducted at the level of each energy consumer. The administration will contribute to extensive introduction of energy saving technologies and the production of equipment and instruments that provide for solving this crucial problem. But, in addition to this, it is necessary to seek ways of utilizing alternative types of fuel with lower production cost.

In order to reduce the oblast's dependency on other regions for deliveries of petroleum products, the Uralneft joint-stock company was created with assistance from the administration. We hope that even this year we will produce the first tonnes of crude oil and manage to complete the construction of a refinery in the region of Nizhnaya Tura.

In the metallurgical complex the greatest amount of attention is being devoted to support for the aluminum subbranch. Because of the change in market conditions

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there has been a sharp drop in the demand for bauxites and alumina. Taking into account the strategic need to preserve the main domestic raw material base of the aluminum industry, the oblast administration is persistently working with the government of the Russian Federation to adopt the necessary measures of state support for aluminum production. Frankly, it is not easy to solve these problems—the prevailing opinion in the Center is that it is an expedient to switch the Russian aluminum industry over to imported raw material, which is less expensive today. Nonetheless we have managed to change the situation—our proposals and program for "survival" of the oblast aluminum complex have been supported by the government of Russia and instructions have been given to the corresponding ministries and departments, with which we shall continue to cooperate next year.

For its part, the oblast administration has granted the Severouralsk bauxite mine a deferment on taxes and payments to be made to the oblast budget and it is rendering aid to the city out of money from the employment fund.

At the same time, the position of managers of enterprises of the aluminum complex is quite incomprehensible. For many months they have been speaking about the need to join into a financial-industrial group, but they are practically marking time, hoping to survive alone as before. But for some reason they are forgetting that there are collectives of many thousands of people from enterprises and the population of several cities who are depending on them.

With assistance from the administration a number of enterprises of the metallurgical industry are conducting large-scale reconstruction work. In particular, at the Nizhniy Tagil metallurgical combine, with the participation of an Austrian firm and the Uralmash joint-stock company, reconstruction on the steel smelting section is continuing. The Pervouralsk pipe plant has installed and started up an automated flow line for producing pipes for household refrigerators, which were previously imported.

What with the cutting of the state defense order and the reduction of the real financing from the federal budget for conversion programs, enterprises of the military-industrial complex, which make up a significant share of the oblast's industrial potential, have ended up in a most unfavorable position. State debts for filling the defense order reached more than 500 billion rubles [R] by the end of last year. It must be emphasized that in spite of existing difficulties, all defense enterprises of the oblast fulfilled the plan for deliveries in compliance with contracts both for the Ministry of Defense and for other state needs.

In addition to supporting a number of conversion programs from the oblast budget, the oblast administration is constantly working with federal departments and the government of Russia. In particular, an agreement has been signed between the oblast administration and the State Committee on the Defense Industry "On Mutual Delegation of Jurisdiction and Authority in Defense Branches of Industry." Taking our proposals into account, the Government of the Russian Federation has adopted a decree in compliance with which some of the mobilized capacities that are not loaded with production are exempted from amortization deductions and taxes, and problems of compensation for maintenance of the social sphere are being solved, although, true, not completely.

At the insistence of the oblast administration, by a directive from the chairman of the Government of the Russian Federation signed in September of last year, concrete assignments have been specified for solving problems of individual enterprises of the military- industrial complex. This year, as in past years, funds have been included in the oblast budget (R30 billion) for financing the most important needs of the oblast conversion programs for producing consumer goods, medical technology, and equipment, and for satisfying other social needs.

In addition to this, we are working with the government of Russia to write off debts and fines to the federal budget that were accrued through the fault of the state and we are stepping up work to obtain investment tax credit for a total of R30 billion. The implementation of these measures will make it possible, in addition to producing products that are important to the oblast, to retain more than 30,000 workers at defense enterprises of Sverdlovsk Oblast.

It must be noted that an ever larger number of converted enterprises, understanding that "saving the drowning is a matter for the drowning themselves," are finding their own way out of their difficult economic situation by producing civilian products that can compete and are in demand on both the domestic and foreign markets. Among them are the Uraltransmash production association with equipment for the oil industry, the Uralskiy electrical machine plant (laser information carriers, television sets, telephone stations), instrument making and optical mechanics plants, the Pnevmostroymashina joint-stock company, the Uralskiy Vagonostroitelnyy Zavod, and the Oktyabr production association. Recognition of the high technological level of our enterprises is shown by their successful cooperation with leading firms of the United States, Germany, Holland, and other countries.

As a result of the coordinated work of the administration and managers of defense enterprises, in terms of the volume of industrial output, the following organizations have surpassed or remained at the 1993 level: the Ural electrochemical combine, the precision mechanics plant, the Nizhneturinskiy machine plant, the Nizhniy Tagil chemical plant, the Kamensk-Uralsk Oktyabr association, and the Kachkanar Formanta plant. At the same time there are cases where the managers of enterprises do not show the proper initiative and persistence and are placing their hopes exclusively on support from the state.

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There, as a rule, production drops precipitously. The most qualified cadres are lost and there is increased dissatisfaction in the collective. Sad as it may be, among them are what were once some of the most prestigious enterprises in the oblast—the Avtomatika scientific production association, the Sverdlovsk radio plant, and the Iset plant.

Taking into account the fact that a considerable share of the oblast's scientific-technical and technological potential is concentrated in the defense complex, the change in the situation at these enterprises inspires hope that they can become the basis for progressive structural transformations in the oblast's industry.

The administration's main efforts for stabilizing production, as before, will be concentrated on implementing programs for conversion and reconstruction of enterprises and relieving them of functions that are not appropriate for them, including continuing work for acceptance [as published] the social sphere and contributing to expansion of the sales market.

In order to adopt sounder decisions and programs for structural and technological rearrangement, the administration intends to more actively take advantage of the achievements of Ural science.

Therefore we would like for scientific institutions of the oblast to work more fruitfully on creating recommendations for developing an effective economic policy at both the macroeconomic level (oblast) and the microeconomic level (branch, enterprise).

Progress along the path of reform is impossible without a developed market infrastructure. There are about 50 different kinds of investment institutions and companies operating in the oblast as well as the Ural fund center, more than 100 insurance companies, about 50 banks, twice as many branches, and five exchanges—the figures seem to be large, but they are clearly inadequate for a market economy.

The small business sector which is actively taking form and already includes 12,000 enterprises has included more than 180,000 people. This is one-and-a-half times as many as in the neighboring Vashkortostan and Chelyabinsk Oblast, and 2.5-5 times more than in Perm and Orenburg Oblasts and Udmurtiya. Small enterprises account for more than 2 percent of the volume of industrial output, 17 percent of the construction and installation work, 20 percent of the retail commodity turnover, and 6 percent of the profit in the oblast, which amounts to almost R250 billion. These figures make us take a respectful attitude toward small business. Through the oblast Center for Promotion of Entrepreneurship, more than R3 billion have been allotted during the past two years from the oblast budget for supporting small business. We must increase efforts in this area this year as well since small business means real jobs that are the least expensive as well as invigoration of the economic situation as a whole.

A most important constituent part of the reforms is implementation of the state privatization program. The check stage of it has been completed and key tasks have changed. Their basic content at the present time is to attract investments and use them for the creation and development of effective productions that are able to compete. From the results of 46 competitions held in the oblast the overall sum of investments attracted to enterprises will be R51 billion, about $28 million, and more than 54 million German marks (R300 billion). A considerable amount of capital will be invested in the development of the Sinarskiy pipe plant, the Nizhniy Tagil metallurgical combine, the Revda plant, and other enterprises.

Aware of the diverse nature of the consequences of the stage of privatization that has just passed, the oblast administration intends to approach these questions in a more balanced way in the future, especially now that we are speaking about selling plots of land for privatized enterprises. We cannot agree with the provisions of the Federal Privatization Program, especially regarding clearly reduced prices for plots of land, the shortest possible time periods for selling them, and the distribution of funds among the various levels of the budget.

The Agro-Industrial Complex

Last year was not easy for agricultural workers. Under extreme weather conditions and with all the difficulties in providing financing and material and technical resources, they raised a grain crop of 15 quintals per hectare, which is at the 1993 level. The gross yield of potatoes and vegetables satisfied the orders of trade and procurement organizations. Plenty of seeds of grain crops and potatoes were stored up. At the same time the situation in animal husbandry is becoming critical. During last year the number of head of cattle and cows decreased by 17 percent, hogs—by 32 percent, and poultry—by 12 percent. The milk yield per cow decreased by 399 kilograms and amounted to 2,280 kilograms. That is the 1963 level.

Production and procurements of milk, meat, and eggs decreased.

It is alarming that there is an unjustified redistribution of incomes in favor of the processing branches and trade, which completely blocks attempts on the part of the administration to support agricultural commodity producers. Thus the share of the incomes of commodity producers in the final output (milk, grain, meat products) decreased from 62 to 24 percent, while for processing enterprises it increased from 20 to 34 percent, and trade—from 5 to 11 percent. Thus the lion's share of the subsidies went for creating favorable conditions for processing and trade enterprises, which are not poor at all.

But still the measures taken by the oblast administration for supporting agriculture made it possible to a certain degree to prevent the precipitous decline of production that occurred in a number of other regions of Russia.

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Subsidies and compensations were allotted to rural areas for agricultural products sold, for breeding work and elite seed production, poultry raising, the operation of hothouse combines, improvement of the land, and capital construction. With a guarantee from the oblast government, rural commodity producers obtained credit for conducting spring field work and also for acquiring fuel and lubricants during the period of feed procurement and harvesting.

More than R95 billion were allotted for these and other programs.

Measures were taken to regulate mutual nonpayments and offset R12 billion for electric energy and gas.

With a guarantee from the administration, payments on centralized credit were deferred for 10 years. All this together amounted to R67 billion.

Agricultural commodity producers were exempted from payment of all taxes and fees to the oblast and local budgets.

A considerable part of the social sphere in rural areas was taken on to the balance sheets of local administrations. The administration gave rural residents complete freedom in questions of reform and privatization.

As of the beginning of the year, 82 percent of the kolkhozes and sovkhozes had been reorganized and 87 percent of the agricultural land and property had been turned over to agricultural commodity producers free of charge. A farm sector was formed, which includes more than 3,000 farmer-run farms and about 100,000 hectares of land. Nonetheless, the results of the reform cannot be considered positive.

The situation that developed in agriculture was brought about largely by objective factors. But no small share of blame for this goes to the agricultural administration and the mangers of agricultural enterprises themselves. Many of them threw up their hands and did not work on economizing, reducing production outlays, or price setting and did not analyze market conditions.

The oblast administration is not looking for new forms of organizing and conducting agricultural activity that correspond to market relations. In order for the money not to be wasted, apparently, it is time to stop general discussions about rendering assistance and to create, in conjunction with administration chiefs, a concrete, economically substantiated program for reform throughout the rayons and specific farms.

Speaking of tasks for the current year, I would like to note that the administration, taking into account the limited possibilities of the oblast budget, can render financial support only to viable farms. As before, we will render assistance for agricultural enterprises to develop their own processing and trade and switch over to year-around sale of potatoes and vegetables directly by the producers of agricultural products. But the rural residents themselves, especially the managers, must significantly, as they say, pick up the pace. In the near future we will have to determine the volumes of the regional food order for the oblast rural commodity producers and work out the question of the possibilities and measures of providing advances.

And we will have to prepare measures to ensure that spring field work is carried out promptly and in an organized way, especially with respect to material and technical supply.

Transportation and Communications

Transportation and communications are among those branches of the economic complex whose poor condition has an extremely painful effect on the population. Therefore the administration is devoting special attention to these spheres. For example, from spring until autumn we did not change the prices of tickets on electric commuter trains, making this type of transportation the most accessible to garden and orchard growers. Because of this, rail transportation of suburban passengers increased by more than 20 percent.

With active support from the oblast administration, work was started on updating the fleet—with money from the oblast budget, two new sets of cars for electric trains were acquired. We intend to buy three more. With shared participation using funds from the oblast budget, railroad terminals are being constructed in Yekaterinburg and at the Yegorshino station.

Also with oblast budget funds we have acquired 90 buses, the majority of which were sent to remote and rural regions. This made it possible not to reduce the network of routes and to increase the regularity of the transportation.

By a decision of the oblast administration we have kept as a unified complex the system of management of bus depots and bus stations, introduced an automated system for reservations and sale of tickets for interurban routes, and begun to design the Northern Bus Depot in Yekaterinburg.

At the same time the highway network is being expanded. We have put 334 kilometers of oblast roads into operation, mainly in rural regions, as well as 18 kilometers of federal roads. One can note that in terms of the volume of introduction of highways the oblast is among the leaders in Russia and the road construction approved in 1989 is being implemented, albeit with a certain delay. A good deal of credit here goes to both the managers and the entire collective of Sverdlovskavtodor.

I cannot but note that with respect to another extremely important question for the oblast, the construction of the subway in Yekaterinburg, our efforts have been crowned with success. On the eve of the new year all of the first section was put into operation, which reduced several-fold the travel time for many thousands of the city's

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residents. We do not intend to stop here, we are continuing work with federal organs for the allotment of centralized funds to continue the construction.

The administration's decisions regarding organization of the production of domestic trams at enterprises of the oblast are being implemented. More than one-fourth of the volume of financing for this program has come from the oblast budget.

I will not discuss other problems of urban transportation and municipal services since they have now been turned over completely to the jurisdiction of the municipalities and are to be resolved through their budgets and other local sources.

Because of the considerably greater number of ties between the Ural residents and the distant abroad and because the Koltsovo airport has been given the status of international, we are trying to resolve through the government of Russia questions of partial financing of the airport's reconstruction from the federal budget. We are also considering proposals to grant the airport oblast and local tax credit for this time.

Because of assistance from the administration, the Uralskiye Avialinii joint-stock company has purchased two aircraft that are capable of flying international routes.

Subsidies from the oblast budget have made it possible to keep rates at a level that is affordable to the population and thus maintain air shipments in remote regions of the oblast—Garinskiy, Taborinskiy, and Ivdelskiy.

The rates of the introduction of communications lines are growing. Last year automated telephone exchanges were constructed with a total capacity of 41,400 numbers, international communications lines were established with a number of cities of the oblast, three additional large transmitters were installed in Yekaterinburg, and eight internal television and radio broadcasting facilities were installed in the oblast. At the present time communications workers are receiving automated telephone exchanges whose production is being assimilated at the Uralsk electrical machinery plant.

Capital Construction

The construction complex has undergone certain changes in its structure but on the whole it has retained and still has a fairly high production potential.

But here as in other branches there has been a reduction of the volumes of assimilation of capital investments by 23 percent, which was caused by the overall decline in investment activity and the chronic nonpayments of clients, including for facilities of programs financed from the budget. Work completed at construction projects for state needs last year were financed by only half.

Although because of the shortage of investments the oblast has halted construction of residential buildings with an area of about 300,000 square meters, we have managed to commission more than 1.2 million square meters of housing, which is one of the best indicators in the Russian Federation. Additionally, we have built schools to accommodate 6,500, kindergartens—for 700, hospitals—for 290 beds, polyclinics—for 1,070 visits per shift, and a number of other social facilities. First among them is the oblast children's multiple profile hospital and the second section of the hospital for disabled war veterans in the oblast center. It should be noted that the hospital, a facility of interregional significance, began to be constructed with federal funds. But in 1994 money was not allotted from centralized sources for completion of the work. Understanding our debt to the war veterans, we cut other cost items and were able to allot R3 billion from oblast funds and, as promised, started up the hospital in 1994, which can be considered a significant contribution to the 50th anniversary of the Victory.

In conjunction with the administrations of the cities of Serov and Verkhoturye we are fulfilling our obligations under programs for cleaning up after natural disasters as well. In addition to funds from the oblast budget, we managed to achieve federal financing. As a result, last year almost R35 billion worth of work was done and 380 families who were victims in Serov and 100 families in Verkhoturye received new housing. This year work under these programs will continue to be given priority.

The oblast administration has developed and implemented a number of emergency measures in the housing sphere. A decree has been signed for acceleration of the introduction of residential buildings with incomplete construction. Considering joint investment of funds of the population, enterprises, and the state to be the most progressive form of investment in housing construction, we have also adopted a decree on financing buildings of youth housing complexes and cooperative housing.

In order to expand the attraction of funds from the population we shall increase the output of oblast bonds for housing loans in order to finance the construction of housing in Yekaterinburg, Kamensk- Uralskiy, Pervouralsk and a number of other cities of the oblast. Reliability of the investment of the population's money is provided in this case by buildings that are actually being constructed and the guarantee of the oblast administration. At the present time we are submitting to the oblast duma a package of documents on housing policy.

Nor are we refraining from active work with the government of Russia and central departments for attracting federal funds to support state federal programs and satisfy the most crucial social needs. In particular in 1994 we managed to obtain R100 billion this way. This was used for the construction of housing for military servicemen, who were given 450 apartments; the implementation of the program for radiation rehabilitation in the Uralsk region; and construction of a water supply system for the Sverdlovsk industrial rayon and a subway in Yekaterinburg.

In order to improve the gas supply for the oblast population, in 1994 Uraltransgaz continued construction of

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gas lines at somewhat more rapid rates—high-pressure lateral pipes and distribution gas networks. We are completing startup and adjustment work and will soon commission the complexes Krasnoufims-Achit and Arti-Sazhino. More than 10 boilers that use natural gas have been started up, mainly in Artinskiy, Sukholozhskiy, and Sysertskiy Rayons. More than 12,000 apartments have been changed over to natural gas. This work will continue this year as well since in our activity we give priority to improving the living conditions of residents of remote rayons and villages.

Therefore the development of the social infrastructure of rural areas through expansion of gasification, water supply, and road construction will be supported by the oblast administration financially and organizationally in the future as well. In particular, in 1995 it is intended to introduce almost 190 km of gas distribution networks on the territory of Artinskiy, Achitskiy, Beloyarskiy, Kamenskiy, Krasnoufimskiy, Prigorodnyy, Sysertskiy, Talitskiy, and Tugulymskiy Rayons and also a number of other cities in the oblast.

Foreign Economic Activity

Because of the liberalization of foreign economic activity, additional possibilities have opened up for the territory to enter world markets. The Central Ural region, having rich resources and a high production potential, has real prospects of expanding foreign ties.

Last year, according to operational figures, foreign trade turnover amounted to more than $850 million, which corresponds to the 1993 level. While the volume of exports remained practically the same, imports decreased by 17 percent. The main exporters are the Nizhniy Tagil metallurgical combine, Uralelektromed, and the Serov ferrous alloy plant. They account for almost two-thirds of the foreign deliveries.

Sverdlovsk Oblast is getting more and more serious attention from foreign business circles. Last year the Central Ural region was visited by the chairman of the PRC, and ambassadors from the United States, Japan, the Republic of South Africa, the PRC, the Netherlands, Australia, and Chile; the United States opened up a General Consulate in Yekaterinburg and the Americans created an entrepreneurship center and business and information centers.

Our enterprises, banks, and foreign trade firms have established new contacts with more than 500 foreign partners. Solid contractual relationships have been achieved for trade and economic cooperation with plants of Uralmash, Uralelectrotyachmash, the Turbo motor plant, and others.

More than 400 joint ventures have been registered in the oblast but, frankly, the effectiveness of their activity is not great so far and the amounts of their authorized capital are insignificant.

On the whole the influx of foreign investments into the economy is on a scale that clearly does not correspond to the potential capabilities of our oblast. The oblast's international cultural and scientific ties remain an almost untouched area, although we have a considerable creative and scientific potential in this area. Therefore this is something for the foreign economic relations department and also the economics committee of the oblast administration to work on more effectively.

In our opinion, it is necessary to step up our work with the countries of Africa, Eastern Europe, Latin America, and the Near East since the possibility of our entering their markets is quite realistic.

Because of our latest interstate agreements our enterprises, mainly the timber industry complex, will have to enter Kazakhstan's market more actively.

Finance and Budget

As was mentioned above, the nonpayment crisis is still a most critical problem for the oblast economy. The overall indebtedness of enterprises of branches of material production increased during the year by a factor of 3.8, and it is especially alarming that the enterprises' own debts are growing more rapidly than their anticipated monetary revenues.

We have now observed a phenomenon that is new to us—a number of enterprises are not only delaying payment of wages but, in violation of existing labor legislation, have stopped them. Thus during November 51 enterprises of the oblast with an overall number of 7,500 workers stopped making payments into the wage fund.

In order to normalize settlements and strengthen payment discipline, an oblast operational commission has been created which, in particular, has considered proposals from banks for introducing bills of exchange [word illegible] circulation and creating a regional bill of exchange office and a Ural acceptance house. But the use of bills of exchange does not fully solve the problem. Bills of exchange are intended for enterprises with a temporary shortage of working capital. Our situation is different—for the majority of economic entities the shortage of funds has become critical and chronic and requires a long period for restoration.

An important place in the commission's work is taken up by the organization of mutual settlements, above all in the budget sphere. As a result, the overall sum of the offsetting of claims amounted to R37.5 billion, and more than 690 state enterprises and organizations of 20 cities and 14 rayons of the oblast participated in it. The greatest activity was manifested in Asbest, Bogdanovich, Verkhnyaya Pyshma, and Nizhny Tagil, and Beloyarskiy, Baykalovskiy, and Shalinskiy Rayons.

Nonetheless, in spite of the efforts that have been made, we have not managed to solve the nonpayment problem. It is no secret that the state is one of the main debtors, and its unfulfilled financial obligations to our oblast in

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particular exceed R700 billion. And it is known that every ruble in budget nonpayments starts a chain reaction of three or four rubles in nonpayments of enterprises.

The problem could be eased significantly by a change in the policy of the government and the Central Bank of Russia in the sphere of credit-monetary relations. In our view, it is necessary to create conditions whereby through the granting of preferential credit, enterprises could index working capital and thus be exempted from fines and penalties on defaulted payments to the budget and nonbudget funds in places where they obviously will not be returned. The sums of fines calculated according to existing normatives have increased to astronomical figures.

As an example one can mention the Sverdlovsk railroad—its debt to the federal budget as of the end of 1994 was R144 billion, and the calculated penalties—R120 billion, which is comparable to the amount of the indebtedness. The picture is similar at the Turbomotornyy plant, the Vysokogorsk ore-enriching combine, the Kirovgrad copper combine, the Irbit engine plant, and a number of other enterprises of the oblast.

An effective measure would be to declare hopeless enterprises bankrupt and change them over to special conditions for financing.

A territorial agency for insolvency affairs has already been created and begun to function in our oblast, but it is necessary to approach this question in a well-considered way, we must not make blunders here, we must account for the entire complex of problems that arise in insolvency—from economic and financial ones to social ones, especially when it comes to enterprises that provide major support for small and medium-sized cities.

In 1995 the administration intends more actively to continue its work for reducing mutual indebtedness among enterprises, organizations, and the budget, and along with the activity of the oblast commission for improving the system of payments and settlements we will render support to the network that is being formed for clearing and bill of exchange circulation, and the organization of the regional acceptance house. Although, frankly, even last year the committee for economics and financial administration could have done considerably more to work on these issues.

It is necessary to reproach our banks. They should have a considerably more active impact on the positive processes taking place in the oblast economy, master new, nontraditional forms of banking activity, and participate in investments, and not simply earn capital for so-called "short" money.

It is generally known that the well-being of the territory is determined largely by its financial capabilities. In terms of the sum of financial resources formed in the oblast we hold one of the leading positions in Russia. In 1994 their amount was R10 trillion. One-third of these funds remained at the disposal of the enterprises and one-fourth composed the oblast budget, including the budgets of the cities and rayons. And the revenue side of the oblast budget itself, for whose formation and expenditure we bear direct responsibility, was equal to R1 trillion, that is, it amounts to only one-tenth of the overall volume of financial resources in the territory. As you can see, we have extremely modest possibilities and we cannot hope to solve our numerous problems quickly and completely.

The realities of 1994 show that practically all the measures regarding the budget deficit were left without financing. Practice has confirmed that our predictions regarding revenues are fairly precise (in 1994 the error was 2 percent) but the situation in the sphere of material production gives us no ground for optimism and therefore we should not foster any illusions this year. The departments and territories should moderate their appetites and make do with the funds they have. It is necessary to learn to count money. In my view we must strive to increase the expenditure side of the 1995 budget by one-third. This, naturally, does not rule out the possibility of looking for additional revenue sources. Here we are waiting for your suggestions.

The Social Sphere

In 1994 a large share of the budget funds was used for solving social problems, financing education, public health, and culture, and rendering social assistance to the needy.

Of course the funds allotted from the budget are not enough to maintain the material base of branches of the social sphere at the necessary level. In particular, in public education almost one- third of the buildings are in need of capital repair, and more than 100 general educational schools are in dilapidated or dangerous condition. The reduction of the construction of new schools has led to a situation where more than 170,000 school children are going to school on second and third shifts.

Nonetheless, the presentation of the system of education for Sverdlovsk Oblast which was conducted under the aegis of the Ministry of Education of Russia demonstrated the high level of the educational process, which meets modern requirements. Our experience was recommended for use in other regions of the country.

Of special concern for the administration is the organization of labor, recreation, and health for children and adolescents. Last year summer vacation for children of our oblast cost R40 billion... this made it possible for 320,000 children to go to various types of camps, preventive treatment facilities, and health facilities.

The comprehensive oblast program "Youth of the Central Urals" is being implemented. It consists of 14 target areas which envision the creation of youth labor

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exchanges on 51 territories of the oblast and agricultural harvesting and student construction detachments. Because of this, during the summer of 1994 about 34,000 senior classmen, students in vocational schools, and students in tekhnikums and higher educational institutions were given temporary employment. Work with talented youth is continuing: Oblast stipends have been established for gifted students, graduate students, and school children. Oblast festivals of child and youth creativity are being conducted. Last year more than 1,000 collective and individuals participated in them.

From the standpoint of the development of the physical health and psychological stability of the younger generation, it is necessary in all ways to support physical culture and sports, especially mass activities. We have long-standing good traditions regarding this.

The system for training sports reserves at a high world level that has been developed in the oblast made it possible at the past 27th winter Olympics for the oblast to overtake such countries as Austria and Great Britain in terms of the number of medals and Olympic points, and in terms of the number of gold medals it surpassed China, France, and Finland. Administration chiefs and managers of enterprises and organizations, in spite of today's difficulties, must render assistance and maintain community clubs, child-youth sports schools, and master teams.

On the whole we have managed to preserve state cultural institutions. We have not lost a single large theater. Moreover, theatrical festivals are being conducted. The Ural people's choir and theater for the young spectator have toured abroad (Korea, Sweden, Poland). Constantly updating the repertoire and inviting famous artists attract viewers and increase attendance. The situation is more difficult with cultural institutions that are on the balance sheets of the trade unions, above all libraries and clubs in rural regions. Administration chiefs must pay attention to this.

In public health the main efforts of the oblast administration have been directed toward providing for stable functioning of the mandatory health insurance system and further reform related to its introduction.

An oblast program for mandatory medical insurance has been approved; the provision concerning payment for medical services, a provision concerning payment for medical services and insurance policies, a system for evaluating the quality of medical aid, etc. has been approved. All cities and rayons have begun this work.

The fund for mandatory medical insurance has spent a total of more than R250 billion to pay for medical services of treatment- prevention institutions, which made it possible to partially cover the shortage of budget funds for financing public health institutions.

What with the shortage of medicines, especially inexpensive ones, the administration is looking for ways of organizing their production on the territory of the oblast. Through the Ministry of Health of Russia we have managed to acquire funds for organizing the output of antibiotics at one of the defense institutions in Yekaterinburg. Additionally, a number of small enterprises are beginning to assimilate the manufacture of medications.

Health maintenance, reduction of the general and child mortality rate, vaccination, and control of infectious diseases are also among the most important areas of our activity, for which the corresponding programs have been developed and are being implemented.

Law and Order

In recent years Sverdlovsk Oblast has become "infamous" as one of the territories with the worst crime situation. In 1994 110,000 crimes were reported and, as before, murders, serious bodily harm, and hooliganism are on the rise.

It has become part of the administration's work practice each year to draw up and implement plans of measures for strengthening law and order financed from the oblast budget. The material and technical base is improving, the number of personnel of law enforcement organs is increasing, and their composition is improving.

The oblast administration has created an interdepartmental commission for fighting crime and corruption.

A large amount of work has been done to fight crime in the sphere of the economy and organized crime.

We have discovered 19 groupings with a total of about 150 members.

The measures that have been taken have contributed to a significant (617 percent) reduction of reported robberies, muggings, and theft. Again this year the "Law and Order" program envisions increasing the number of police and providing internal affairs organs with crime detection and organizational equipment as well as automotive transportation. We intend to change the approaches to financing this program. Technical support for the internal affairs administration from the oblast budget will be provided not by transferring monetary funds but by acquiring and transferring the corresponding material resources, payment for services, and above all for public safety police and other subdivisions so that it will not turn out that we are covering up the shortcomings of internal affairs administration managers with respect to financing from the federal budget. At the same time we are giving warning that the results of work must be adequate to the measures that are taken for additional financing. So far the assessment of oblast residents of the work of law enforcement organs, to put it mildly, is not positive, taking into account the fact that only one out of 10 of the crimes that are committed are punished.

We are hoping that the situation will change because, with our active participation, the federal counterintelligence

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service has been given back the right to conduct investigations, and also a decision has been made to conduct retraining of the investigation apparatus of the internal affairs administration. A certain amount of assistance has been given to the procuracy and the courts.

Enterprise managers and entrepreneurs have serious complaints about the work of the customs service. While rendering assistance in the creation of a regional customs administration, we were hoping for more effective work and operational solutions to problems on our territory.

We think that the establishment of a tax police service is coming to an end and this year we are expecting more active and effective work from it, and not only with respect to former state enterprises.

Prices and the Consumer Market

One of the appreciable positive results of the reforms, undoubtedly, is the elimination of the shortage of consumer goods. Last year the stores contained practically all kinds of food and nonfood products.

The heaviest burden for each of us is the unpredictable and at certain periods significant fluctuation of prices on the consumer market.

The liberalization of prices as the basic factor in market relations significantly restricts the intervention of state organs into the price setting processes. Nonetheless, within the limits of our jurisdiction, the administration is constantly working on problems of the regional price policy. In particular, in order to protect the needy population, we have regulated prices and rates for socially significant goods and services: bread, medications, apartment rent, and a number of others. In addition, levels of trade increments and rebates have been formed for the retail and wholesale network.

As a result, on average for the year retail prices for grain, wood, gasoline, and certain other goods were lower than they were for our neighbors.

Thus in Sverdlovsk Oblast the average rates for hot and cold running water, suburban rail passenger transportation, payment for housing and telephones, and a number of other services were lower.

The liberalization of prices expanded the independence of economic entities in questions of price setting. But far from all are honestly taking advantage of the rights that have been granted them.

Inspections for the observance of price discipline conducted in more than 4,000 enterprises showed that one out of two of them are raising prices, thus gaining illegal profit. Last year R3.4 billion were taken from the violators and put back into the revenues of the oblast and local budgets.

On the whole R22.4 billion was placed in the oblast budget because of the monitoring of prices setting.

Administration chiefs must interact more closely with the Committee on Price Policy, and the territorial antimonopoly administration, and they must take fuller advantage of the possibilities that exist for monitoring prices.

Social Protection

Under the conditions of their limited financial capabilities, the administrations of the oblast, cities, and rayons are rendering social aid to the most vulnerable segments of the population—the disabled, orphans, pensioners living alone, children from needy and large families, and certain other categories that need help. There are more than 400 divisions for social aid at home which attend to about 30,000 people who are living alone and unable to take care of themselves. Elderly people can rest and improve their health in 25 territorial centers for 24-hour and day care. In the cities and rayons there are 45 specialized stores and departments serving more than 180,000 needy citizens at preferential prices. More than 70,000 people receive groceries and hot food free of charge and disabled people have been placed in 26 boarding houses.

In 1995 social protection of the population will be provided within the framework of the oblast law "On Targeted Social Protection." The law envisions payment of social grants to certain categories of the population that have incomes below the subsistence minimum, namely pensioners, disabled persons, children from needy and large families with four or more children, and needy orphan students.

In connection with the preparations for the celebration of the 50th anniversary of the Victory in the Great Patriotic War we adopted the law "On Additional Measures for Social Protection of Veterans in Sverdlovsk Oblast," which envisions providing various additional benefits for war veterans of the first group, and female participants in the war, individuals who lived through the Leningrad blockade, workers in the rear, and children disabled during the war. The overall "price" of the aforementioned benefits is more than R1 billion. Additionally, in compliance with the decree, administration chiefs are to take R44 billion from the oblast budget for acquiring transportation for disabled war veterans, R17 billion for construction of housing for veterans, and R2.4 billion for widows of military servicemen.

To prepare for and celebrate this date in a worthy way is an important task both for the oblast administration and for the municipal authorities.

Employment of the Population

Last year the problem of employment of the population made itself known at the top of its voice; the number of employed reached almost 60,000. More than half of them are women. The situation was aggravated especially in the cities—Artemovskiy, Severouralsk, Kirovgrad, Irbit and Rezha; and in the rayons—Turinskiy, Novopyalinskiy, and Nizhneserginskiy.

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An oblast program for promoting employment of the population has been developed and is being implemented. A result of this was that in 1994 9,000 jobs were preserved and about 5,000 new ones were created. More than 13,000 people were employed in public jobs.

The employment service placed almost 43,000 people who had lost their jobs, contributed to early pensions for more than 5,000, and trained the same number for other occupations.

At the same time a considerable share of the oblast employment fund was used in ways far from their direct purpose. More than one- fourth of it was spent on maintaining the employment service apparatus, constructing new buildings for it, and repairing premises. We understand that the process of the establishment of the employment service is continuing, but it is necessary to be more modest. The oblast administration has given a serious warning to the managers and made it incumbent on them to significantly reduce these expenditure items in 1995.

Ecology and the Utilization of Nature

The high level of industrial potential and the predominance of the so-called "smokestack" industry in the Central Urals have formed an unfavorable ecological situation. In terms of the volumes of discharges of pollutants into the atmosphere, Sverdlovsk Oblast occupies third place, and in terms of discharges of polluted wastes into bodies of water—fifth place in Russia.

The situation is especially unfavorable when it comes to providing the population with high-quality drinking water. There are few cities and population points in the oblast where the water meets the norms.

As a result of the curtailment of industrial production, for a number of years there has been a gradual reduction of pollution of the atmosphere. At the same time there has been practically no reduction of the volumes of discharges of waste waters. The main reason for this is the wear and tear and the obsolescence of the equipment of purification installations and the shortage of funds for the repair and renovation of equipment.

The oblast administration has adopted a number of documents regulating relations in the sphere of the utilization of nature and the protection of nature. More than R2 billion have been allotted from the oblast budget and the ecology fund for the construction of environmental protection facilities. About R65 billion have been spent for these purposes from all sources of financing. Installations for purifying industrial fecal wastes have been put into operation in Novouralsk, industrial wastes—at the Sredneuralsk copper plant and Uralmash, and gas purification installations at the Serov ferrous alloy plant, Uralasbest, the Sredneuralsk copper plant and the Irbit chemical-pharmaceutical plant.

Within the framework of the development of international cooperation, two international exhibitions have been held: Ural- Ecology '94 and Pure Water Ural-'94, in which 25 firms of Europe and America participated.

A joint Russian-American project is being carried out for protection of the environment in the cities of Nizhniy Tagil and Yekaterinburg. Work is being done to publish a decree of the Government of the Russian Federation regarding the cities of Nizhny Tagil and Kamensk-Uralskiy.

This year we intend to concentrate most of our efforts in the sphere of ecology on implementation of the program for providing the population with pure drinking water. To this end we will continue searching and prospecting for underground sources of drinking water in Verkhoturye, Kamyshlov, Baykalovo, Talitsa, and others; we shall begin work for restoring bodies of water which are sources of drinking water for Yekaterinburg; and we will install local filters for purifying drinking water in children's and medical institutions.

The volumes of work for restoration of forests are being retained. Forests are being planted and transplanted on an area of 56,000 hectares. More than R10 billion are coming from the oblast budget for restoration and preservation of forests.

In spite of the difficult financial conditions, in order to preserve the oblast's unique natural resources work is being continued to organize the Denezhkin Kamen preserve, the Pripyshminskye Bory natural park, and the natural-mineralogical preserves on the territory of Alapayevskiy and Rezhevskiy Rayons.

* * *

This analysis of the socioeconomic position of the oblast shows that existing circumstances and realistic financial possibilities rule out extensive maneuvering or the adoption of any radical measures for a rapid and painless emergence of the economy from the crisis and predetermine the need to preserve the policy priorities of the oblast administration in 1995. Its basic priorities, as in preceding years, are:

—strengthening law and order;

—contributing to stabilization of production in branches of the material sphere;

—improving the synchronization and coordination of actions with federal organs of power, including through legal regulation of the delimitation of authority with the sphere of joint jurisdiction. Expansion of the functions and responsibility of organs of local self-government for the socioeconomic development of the territory with simultaneous redistribution of budget funds in their favor. Continuation of the formation of an oblast legislative and normative base;

—implementing an active social policy.

Based on these priority areas, the administration's actions will make it possible, according to our calculations and prognosticatory assessments, to cut in half the

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rates of reduction of production in the main branches of the economic complex; to hold unemployment at a level of 3-3.5 percent; and to provide for the planned receipts into the revenue side of the budget. In other words, we will manage to survive somehow in these difficult times.

In conclusion we express the hope that this period of political and economic instability in Russia will come to an end and we will be able to carry out what we have planned. In order to achieve stabilization it is necessary to have public accord and goal-directed, hard, daily work from all of us.

Economic Issues

Livshits Comments on Yeltsin's Latest Edict on Tax Benefits

LD0603184395 Moscow INTERFAX in English 1703 GMT 6 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 6 (Interfax)—Presidential Aide for Economic Matters Aleksandr Livshits has described as "a very serious act" Yeltsin's latest decree on the removal of tax benefits for a number of agencies that he signed Monday afternoon.

The aide said that the decree puts up a barrier to spontaneous decision-making on tax benefits and is a follow-up to the president's annual state of the nation address to parliament.

The president has pulled off what he called a third go, Livshits said. The aide believes that benefits can and must be granted to various plants and agencies but the public must know exactly who the recipient is, why the benefit is being granted and what sort of strings are being attached.

Livshits said that in this light, no exceptions were made in the decree but a proposal is being made on compensation to regions which may suffer from the removal of benefits.

According to him, it took the government two weeks to draw up the list of agencies forfeiting benefits in line with Yeltsin's annual address to parliament.

Commentary on Economic Security Strategy

954F1626A Moscow EKONOMIKA I ZHIZN in Russian No 8, Feb 95 p 16

[Article by A. Zverev, chairman of the Interdepartmental Economic Security Commission of the Russian Federation Security Council: "Russia's Economic Security"]

[FBIS Translated Text] **The main propositions for the state's strategy on Russia's economic security were discussed and adopted during a meeting of the Interdepartmental Economic Security Commission of the Russian Federation Security Council, which was held at the beginning of 1995. At the request of EKONOMIKA I ZHIZN readers, the commission chairman, A. Zverev, talks about the content of this document.**

One can understand economic security as the economy's ability and readiness to guarantee fitting living conditions, personal development, and society's and the state's social, economic, military, and political stability, and to counteract the effect of domestic and foreign threats.

The implementation of an economic security strategy should guarantee material conditions for achieving the common goals of national security and protection of the country's vitally important interests and allow Russia in the future:

to actively influence the processes in the world that affect Russia's national interests; not to permit the making of decisions which contradict these interests by other powers or their associations;

to solve domestic political, economic, and social tasks based on national interests, without allowing pressure from foreign forces during their solution;

to guarantee the population a way and quality of life which assure social peace in the country and tranquility in society.

During the transition period, the Russian Federation's state economic security strategy should be oriented primarily toward ensuring the economy's ability to develop progressively; supporting the production, scientific, and technical level required for this; barring a reduction in the population's standard of living to a level capable of evoking social tension; and preventing conflicts between individual population layers and groups, separate peoples, and nationalities. The foreign policy avenue of the state's economic security strategy should consist of ensuring a place for Russia in foreign markets in accordance with its potential, preventing a condition where our country is dependent in vitally important questions on foreign countries or their associations, and ensuring technical and economic independence.

The following very real domestic and foreign threats to the country's economic security exist objectively. The barring or overcoming of these should be the most important element in the state's economic policy.

Domestic threats have been primarily inherited from the old economy's warping, which was aggravated by the departure of a number of vitally important production branches; production's low level of competitiveness, which was caused by the backwardness of the technological base in a majority of the branches, high energy and resource intensiveness, poor product quality, and high costs; the continuing slump in production; and the high level of monopoly in the economy, which is expressed in price increases, a lack of conscientiousness in fulfilling contract conditions, and the absence of incentives to improve production, raise product quality, and reduce product costs.

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The high level of inflation, the worsening of social problems because of it, the low investment activity, the prevalence of investing capital in middleman and financial activity to the detriment of production, the increasing antiquated nature of our production apparatus as a result of the delay in modernizing it, the preference on the part of market agents to realize current expenses to the detriment of capital investments, the wearing out of communications systems, the danger of breakdowns, and the insufficient development and stability of infrastructure installations are also a threat to economic security.

One must also consider the low level of environmental protection activity and ecological safety; the lag in the growth of discovered mineral reserves behind the rate of their extraction; the worsening of the scientific and technical potential's condition; the loss of positions on individual avenues of scientific and technical development, including those as a result of the "brain drain" abroad, and in other areas of activity; and the loss of prestige of intellectual work.

Among the unfavorable factors, one must also regard the intensification of property stratification with the simultaneous increase in the number of people with incomes below the subsistence minimum and the unemployed; the degradation of institutions in the social area; restrictions on the access of many people of moderate means to the health care system, education, and culture; the intensification of territorial differentiation in the level of economic and social development of the regions; the crisis situation in the northern territories; and the disruption of the center's normal economic cooperation with Federation components. Criminalization of the economy and growth in corruption and organized crime, and its penetration into the key branches of the Russian economy, are taking place.

The weakness of the authorities' institutions and imperfections in the legislation base are leading to poor legal, financial, and contract discipline, massive concealment of incomes and evasion of tax payments, criminalization of the economy, and corruption in the area of managing the economy.

Imperfections in the mechanisms for forming economic policy—the high level of influence of regional and branch lobbying on the making of economic decisions and the inconsistency and lack of coordination in the actions of the central economic departments—could lead to the disruption of financial balancing, give birth to threats of social conflicts, and artificially weaken the competitiveness of our native producers.

When talking about foreign threats, it is necessary to mention among them the prevalence of raw material commodities which has taken shape in Russian exports; the loss of traditional markets for military and machine-building products; Russia's dependence on imports of many types of products, including those of strategic importance, food goods, and component parts for machine-building; and the discriminatory measures of foreign countries or their associations in their foreign economic relations with Russia.

The high level of the foreign debt, the intensification of attempts to use it to influence the making of economic and political decisions, insufficient export and currency controls, the lack of development of a customs border, and the lack of development in the transport infrastructure for export-import operations are also unfavorable factors.

The averting and overcoming of the mentioned foreign and domestic economic threats to the Russian Federation's economic security should be a subject of constant concern for the federal agencies of the executive branch and the organs of power of Federation components.

The state's strategy in the area of guaranteeing economic security is being worked out and implemented within the framework of the economic policy that is being followed. Its main priorities are ensuring the stability of the individual's economic condition; social, economic, military, and political stability of society and the state; observance of the constitutional rights and freedoms of the individual and citizen; and legality and obedience to the law by everyone, including agencies of state power.

In conclusion, I will emphasize: Ensuring Russia's economic security primarily requires the strengthening of state power, an increase of trust in its institutions, and also a rationalization of the mechanisms for making decisions and forming economic policy.

Economic Policy To Protect Domestic Market

954F1614A Moscow KOMMERSANT-DAILY in Russian 23 Feb 95 p 2

[Article by Vladislav Borodulin: "One Need Not Be Efficient To Receive State Support—It Is Sufficient To Be Russian"]

[FBIS Translated Text] **Boris Yeltsin's message to the Federal Assembly was the first signal that the authorities are prepared to change the economic policy's orientation—moving from maximum openness of the economy to protecting the interests of national producers. It would be naive at the very least to expect that the parliament will not take up this idea... The parliamentary hearings which took place on "Measures To Protect the Domestic Market" (KOMMERSANT wrote about them yesterday), have demonstrated the enthusiasm with which the authorities are prepared to implement the president's wishes and protect every Russian producer. This is not surprising—concern for political survival forces economic considerations to the background.**

An Earring for All the Sisters

The simplest and, therefore, not quite accurate explanation for the surge in the authorities' interest in the idea of protecting national industry is the clearly pronounced

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cyclical nature of the government's economic policy. Every year the authorities are concerned with searching for methods that have previously not been used in the struggle against the economic crisis—exchanges, banks, the struggle against inflation, and, finally, protectionism regarding the national industry. In addition, if one judges from the results of the parliamentary hearings on "Measures To Protect the Domestic Market," the authorities intend to resort to a purely Russian form of protectionism—absolutely protecting all industry. Along with this, political factors count very much when selecting this or that method to reanimate the national economy.

During the initial period of economic reforms, the president and the government were fully able to allow themselves not to consider the opposition's opinion and to follow only the orthodox prescriptions of international financial organizations. Essentially, the entire 1992-1993 economic policy was aimed toward encouraging importers: The constantly dropping real exchange rate of the ruble in combination with the increases in prices for raw material, which were inadmissibly large for the technologically backward industry, led to the share of imports in the final demand structure growing almost twofold, increasing 50 percent (and for individual goods—75 percent). It is this—the excessive exchange rate of the national currency and the noncompetitiveness of industry caused by it—that has formed the major point in Grigoriy Yavlinskiy's criticism of the government's policy. He thinks that Russian industry has almost completely lost the chance to consolidate its grip on foreign markets as a result of the Yegor Gaydar government's actions.

True, one must point out that the government has nevertheless made attempts to protect some branches of industry—the automotive and aircraft building ones. However, the irony of the situation is that, having established protective duties on, for example, imported aircraft and components, the government evoked bitter dissatisfaction from the aviation companies, which resorted to the following arguments: Because of the aging of the aircraft pool, the situation is fraught with the loss of existing positions in the air transport market. Therefore, after increasing import duties, the government was forced to make a great number of decisions to release firms from them on an individual basis. Strictly speaking, potential importers of Western equipment did not experience any problem with obtaining privileges. After such a decision was made with respect to the manufacturer of the Il-96M, an official of the Ulyanovsk Aviastar Joint-Stock Company said to our correspondent: "If it is necessary for us, we will receive a reduction in duties on imported aircraft engines." One can with complete justification relate the administrative controlling of energy prices or the various attempts to artificially stimulate demand for machine- building products, having created state leasing companies, to the government's protective actions.

Several circumstances have forced the government to change its economic tactics completely. First of all, neither the Kremlin nor the White House can disregard the election factor: The industrial directorate is potentially capable of not only political self- organization (this is already rather serious) but also of significant influence—through its loyal labor collectives—on the outcome of the elections in the industrial regions. This is compelling the executive branch to act not as a center of economic policy but as the president's campaign team. However, Russia's traditional methods for winning the electorate's votes have practically been exhausted: The budgetary and financial crisis is significantly limiting the government's ability to directly finance inefficient industries. Under these conditions, a shift to a nominally free method of assistance like the all-round protection of industry, which has been established as the basic element of national economic strategy, was completely unavoidable.

Free Cheese Exists Only in a Mousetrap

From the viewpoint of world experience, the fact that the Russian Government has decided to resort to an active protectionist policy is not an extraordinary event—the more so since the collection of measures within the framework of this policy is an extremely traditional one: an increase of import duty rates from the present 11 percent to 14 percent, the ability to introduce quantitative quotas on imports, and the introduction of antidumping procedures. Besides domestic tasks, all of these also solve several foreign ones. Increasing import duty rates, for example, puts Russia in a convenient position in negotiations with GATT and the World Trade Organization: The government now can make concessions in exchange for acceptance into this organization. In the same way, Russia's ability to introduce antidumping sanctions creates an "antidote" to similar procedures against Russia.

One can assume that this position will not evoke any special objections by the Russian Government's contractors. International financial organizations are more concerned with the liberalization of national export conditions (primarily, of course, for raw materials). Judging from the authorities' latest statements, they are prepared to take this step because of the fear of losing large- scale credits. Russia's trading partners will also remain rather indifferent: With Russia's considerable dependence on imports, Western companies are interested in the Eastern market to a much lesser degree. However, the toughening of import conditions will inevitably invoke a negative reaction among countries. There is already sufficient confirmation of this. Yuriy Luzhkov has stated that the proposed increase in customs duties will evoke a food crisis not only in the capital but also in large cities.

Strictly speaking, echoes of this type of discussion were also heard during the parliamentary hearings, whose general motto was: "Protecting the national producer is undoubtedly necessary." A curious situation sometimes took shape: One speaker urged the establishment of high

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duties on goods since he is competing in their production, and the person who spoke immediately after him fought for a reduction, since this commodity is used in his production facility. One can only assume what quarrels will develop between regions: the Russian expanses could well serve as a justification for introducing a differentiated customs rate.

Nevertheless, in any case, however, one can talk about the coming closing of the economy without using the subjunctive mood. The question is only how long it will last. The official Ministry of Economics position is that tough and general protectionism will be introduced for four years. The explanation for this is extremely simple: Since the government has officially renounced a so-called selective structural policy, it is necessary to support everyone, including with direct financial assistance. After the four years, protection can be extended another four years; however, only for those branches that really need it. There is one positive item in the authorities' actions: The government, at least in words, has decided to reject the role of a supreme judge in resolving which branch has a right to existence and which does not.

There are extremely more negative consequences. First of all, the authorities' initial thesis—"Closing the market will lead to the unsatisfied demand beginning to be satisfied by national industry, which will receive investments by means of a stream of private capital"—is doubtful. There is no basis for saying that the stream of capital investments will be sufficient for re-equipping under the "demand limitations" of the backward national economy. The government's hope that competitive branches will be formed in less than five years is completely unfounded. As world experience shows, decades pass before this happens. The state guardianship factor exerts much less influence than is ascribed to it. Moreover, everything could turn out precisely the opposite: One day the provided help will endlessly give birth to a demand for ever newer support (there are more than enough domestic examples of this type). Even much more resolute governments have not always managed to break this vicious circle.

[begin box]

World Experience in Protecting the Domestic Market

Protectionist measures in the form of, for example, opportunities to introduce quantitative quotas on imports or use antidumping procedures are present in the laws and practices of Austria, Belgium, Germany, Great Britain, Italy, Finland, and France. There are no protectionist measures in the laws of Australia and Japan; however, they are used in practice. The Governments of Argentina, Hungry, the United States, South Korea, and Finland have a right to establish credit limits for export-import operations and investments carried out by national companies in foreign countries.

Restrictions on foreign economic activity can be employed with regard to certain countries for political motives (with respect to, for example, Iran, Iraq, and Libya) or in regard to special areas of activity for national security considerations (defense, development of resources, the latest technology). Some countries also use the state monopoly principal when selling certain goods. In Norway, for example, a state monopoly applies to grain, liquor, medicine, and electrical energy; in India—oil, petroleum products, some mineral ores, onions, edible oils, mineral fertilizer, and grain crops. [end box]

Roundtable on Exporter, Government Structure Relations

954E0604A Moscow DELOVOY MIR in Russian 21 Feb 95 p 4

[Article by T. Dzokayeva: "Branch Associations Find Status"]

[FBIS Translated Text] The Institute of Foreign Economic Research and the Reforma Fund conducted a "roundtable" on the interaction between branch associations of producers and exporters and government structures. Academician Stepan Sitaryan raised the issue, stressing its rather ambiguous character and noting the suspicion with which society perceives this matter. On the one hand, under the influence of the reforms and demands of the International Monetary Fund, the question is raised concerning further liberalization of foreign economic relations, as a result of which the role of the unions of exporters may increase. On the other hand, however, the attempt of certain unions of exporters to assume government functions is frightening. There are also apprehensions that members of the unions interested in the export of their own products will abuse their position lobbying and adopting various types of measures to promote their products on the foreign market, while creating favorable conditions for the resolution of their own export and import problems. It is impossible to exclude, for instance, the possibility of attempts at intentional dumping. In other words, there are enough doubts. But at the same time it is necessary to keep in mind the fact that the practice of creating specialized export organizations is natural in the world. There are no situations where each producer is also his own exporter.

In other words, here is a good idea, but it is necessary to implement it in a proper manner.

There were suitable individuals present at the roundtable to discuss a matter as important as that which is viewed with so much ambiguity in society.

Gennadiy Shorokhov, secretary of the Council of Branch Associations of the MFER [Ministry of Foreign Economic Relations of Russia] was the first to speak. He assumed the role of defender of the unions and branch associations that have appeared, linking the need for their appearance with the fact that the government is losing managerial levers. He views the weakening of the government role as a natural phenomenon, but at the

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same time he also recognizes the need for management. The appearance of branch associations makes it possible to resolve those problems which were formerly resolved by state control of the economy. In other words, in the opinion of the representative of the MFER, branch associations make it possible to fill that vacuum in management, which formed with the withdrawal of the government from spheres of management.

Such a turn was unexpected. It contradicted the position of Academician Sitaryan, who spoke about exactly the opposite. About the danger of replacing the main role of government with branch associations. (that contradiction in the presentation, however, was not noticed by anyone).

The presentation of the MFER representative was not very concrete. It seems that the Ministry of Foreign Economic Relations does not have the use of statistics, and G. Shorokhov referred to the experience of other countries, in part, to that of Finland, which he recently visited. There the entrepreneurial unions resolve a large variety of issues: coordination of trade and price policy, standardization, scientific research work, interaction with trade unions, quota setting, etc. The government supports branch associations, which, as Shorokhov stated, are headed by "influential, rich people." At their discretion, commissions are created when a problem occurs, calling for changes in enforceable enactments or introduction of new rules of the game. In that manner, a vertical tie exists between the highest echelons of power and the entrepreneurial structures. Thus, the pulse of imminent change travels from below upwards, along a vertical line.

The MFER representative recalled that formerly we lived within a pyramidal structure, a command system. Changes came from the tip of the pyramid. It was only there that they knew what must be done and how those in the lower levels of the pyramid must act. At the present time, in the opinion of G. Shorokhov, a different situation is forming, which he outlined as follows: "We have entered the stage in which business is swimming where there are sharks and small fish. Competition, of course, is a natural process of life."

That phrase is sensational if it expresses the MFER position. With such a position, however, MFER places itself outside the functions of management. It is specifically in the West that the shark of competition is considered unnatural, and it is specifically this element that brings about the need to create countermeasures.

The speaker, meantime, continued operating with foreign experience, saying that he has accumulated extensive material in the different countries. Those present, however, were interested specifically in material "on one country." Our country. That matter was raised. The MFER speaker was unable to respond to the question, and the weak position of our administrative organs became even more evident—lack of concrete data and an inadequate concept of the entire picture.

The limbering up at the roundtable ended, and speeches by representatives of the branch unions started. That part of the work of the roundtable was undoubtedly of the greatest interest. The representative of Agrokhimsoyuz was the first to speak. He spoke about lack of coordination among the unions. The fact that everyone strives to get abroad with his goods, and the country is left without necessary products, such as benzene, for instance. It is sold abroad at a price that is seven times higher than at home. With free, uncontrolled sale abroad, our enterprises are left without raw materials and stop operating. Agrokhim raised that issue with the MFER, but to no avail. MFER failed to find a solution, as a result of which production dropped. In such a situation, the branches themselves must make decisions that are often inadequate. Here is an example. Agrokhimprom began the practice of setting a price level each month for the plants. It does not allow the sale of products at lower prices. A kind of dumping in reverse. Those found guilty are punished. The question of whether there was a precedent was answered affirmatively—one enterprise was deprived of the right to sell.

Svetlana Stepanova represented the Union of Nonferrous Metal Exporters. Until recently there were 169 exporters of nonferrous metals. The union analyzed their performance and significantly decreased the number of exporters. Price, as well as quality and volume, were grounds for the decrease, and, most importantly, the selection. The union greatly restricted the right to export cobalt, copper, tin, and primary aluminum. The Union of Metal Exporters conducts a vigorous policy to protect raw material sources. For that purpose an analysis was conducted of the change and effect of customs duties. It was decided, for instance, to raise import duty on salt of orthophosphoric acid [vtorsol] to protect the domestic producer. With regard to domestic duties, however, the union holds a different view. It turns out that because of an incorrect policy, we lost markets in the CIS and the resulting voids are being quickly filled by other agents.

Here is an example. Tajikistan used our alumina (raw material used in production of aluminum). Today duties and restrictions prevent us from selling it. At the same time, inside Russia there is no market for that product.

Yuriy Kokorev spoke for the All-Russia Association of Industrialists, Entrepreneurs, and Exporters of Fish Products. Changes in foreign trade in that sphere are also significant. Formerly, 90 percent of trade in fish was in the hands of the foreign trade monopoly. It maintained high prices for fish, and the country had high foreign currency income. At present, in the process of liberalization, everyone has started selling whatever he can. Even the Luch football team supplied fish for the foreign market as well as a trust of bath houses and laundry establishments, etc. Fish is sold for next to nothing. The price for pollack roe, for example, dropped by a factor of two to three. As a result, the export of fish doubled, but the proceeds did not rise. Considerable efforts were required to prove to the government the disastrous

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nature of that policy, and in March 1993 a decree of the government classified fish as a strategic commodity. Correspondingly, there was a decrease in the number of exporters. In the past, thousands of organizations engaged in the export of fish, whereas at present there are only 50 organizations remaining which are authorized to export fish products.

Even the government decree on state regulation of commodities and services, however, did not suit the fish association. As Yuriy Kokorev indicates, it is working to the detriment of the interests of fishermen and the branch. The practice of licensing was introduced once again, and that right is given out on the basis of questionable principles. For instance, the license for live fish was issued to Ministry of Nature. Workers in the branch are puzzled. Why? After all, it is necessary to have a knowledge of production, the market, etc.

Representatives of branch unions often cursed the so-called government regulatory hand. Sergey Stepanov, deputy chairman of the Union of Lumber Exporters, spoke of a concrete case when the paths of the Union and government representatives bisected in Finland in an incident involving a price agreement between the association and Finnish lumber consumers. There was an agreement setting a price of 36 ECU per cubic meter of lumber. But the price was lowered by Rosleskhoz to 34 ECU. As indicated by Stepanov, that occurred as a result of intervention by state structures.

The pathos generated by the appearance of the deputy chairman of the Association of Lumber producers was instantly cooled by Sitaryan, who was conducting the roundtable, when he asked a counter-question as to what grounds were used by the association in substituting for the producers themselves, who must negotiate the prices on their own.

Sergey Petrik, chairman of the Union of Metallurgists (ferrous metals) shared the experience acquired in his work. That is probably the most unbureaucratic union. It operates on a social basis. Sale prices are regulated, and deviation from recommended prices is possible by not more than 5 percent. Around 80 percent of the enterprises belong to the union. It also includes enterprises in Ukraine and Kazakhstan. It seems that this is one of the most productively operating branch associations. It would be good to heed the request of this representative organization to make customs statistics available for study. Since the customs service is the only venue that contains all of the registration materials dealing with foreign trade transactions.

Other questions were also considered at the session, including changes in the conditions of petroleum export. There were no representatives present from that sphere, however, and we will leave that discussion for later. Still, it promises to be quite useful. On the whole, however, the roundtable was a rare case of success, and its considerable significance is undoubtedly explained by a combination of the input from theoreticians and the contribution made by representatives from various branches, who carried on a frank and interested dialogue.

'Reliable Customs Control' Over Oil Exports Urged

MM0903095895 Moscow ROSSIYSKAYA GAZETA in Russian 4 Mar 95 p 5

[Open letter from V.F. Kruglikov, first deputy chairman of the Russian State Customs Committee, "To Chiefs of Customs Administrations and Customs Chiefs: On the Export of Oil and Petroleum Products"]

[FBIS Translated Text] I can report for guidance and execution that, in accordance with Russian Federation Government Decrees No. 1446 of 31 December 1994 and No. 1472 of 31 December 1994, the export of oil and petroleum products beyond the customs territory of the Russian Federation is to be effected by oil-extracting and oil-refining enterprises via organizations registered with the Russian Ministry of Foreign Economic Relations, provided that the contracts are registered and export duty is paid.

Exemption from customs duty is provided in accordance with Russian Federation acts of legislation and the Russian Federation's international agreements on the basis of the Russian State Customs Committee's normative acts.

I would ask people to take measures to ensure reliable customs controls over the export of oil and petroleum products.

[Signed] V.F. Kruglikov, first deputy chairman

Procedure for Customs Escorting of Goods

MM0903111395 Moscow ROSSIYSKAYA GAZETA in Russian 4 Mar 95 First Edition

[Order No. 698 of the Russian Federation State Customs Committee "On the Customs Escorting of Goods," dated Moscow, 27 December 1994 and signed by A.S. Kruglov, chairman of the Russian Federation State Customs Committee—from the "Business in Russia" section p 5]

[FBIS Translated Text] For the purposes of realizing the provisions of the Russian Federation Customs Code and stepping up control over compliance with Russian Federation customs legislation,

I order:

1. For the customs escorting of goods under customs control the rates of customs imposts cited in the appendix to this order are to be applied in respect of each means of transport used to convey such goods.

2. It is laid down that the customs escorting of goods must be organized with due regard for the regulations governing the delivery of goods under customs control.

In the event of the customs escorting of goods being performed within the operating region of one customs office the procedure for confirming the fact of the goods' delivery and the recording of transport operations with customs escorting are decided by the chief of this customs office.

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3. It is laid down that a customs organ adopts a decision to perform the customs escorting of goods in the event that:

—the transportation of goods under customs control cannot be carried out by a customs transporter;

—a border customs organ has made the decision to examine goods in border temporary storage depots;

—compliance with customs legislation cannot be ensured by other measures, including the use of ensuring the payment of customs payments.

4. It is laid down that customs imposts for the customs escorting of goods are paid to the customs organ which made the decision to perform the customs escorting of goods.

The transporter is responsible to customs organs for the payment of customs imposts for the customs escorting of goods.

5. It is laid down that customs imposts for the customs escorting of goods are paid after the customs organ makes the decision to perform the customs escorting of goods but before it actually starts.

At the same time the customs escorting of goods during transportation to border temporary storage depots is permitted without the prior payment of customs imposts for customs escorting on condition that the transporter provides the customs organ which made the decision to perform the customs escorting of goods with a guaranteed bond of a bank or other credit establishment as ensuring the payment of customs imposts for customs escorting.

6. Payment of customs imposts for the customs escorting of goods may be made both in a noncash form and in cash through the cash office of the customs organ.

The receipt of monetary funds for the customs escorting of goods is recorded according to the procedure provided for customs payments which form the nonbudget fund for the development of the Russian Federation's customs system.

7. For the implementation of Points 1, 4, 5, and 6 of this order the chiefs of border customs offices are to equip premises for the receipt and storage of monetary funds at crossing points on the Russian Federation border.

8. Within the space of one month the Customs Guard Administration (Cherkasov) is to:
—prepare proposals for ensuring the guarding of customs installations at crossing points on the Russian Federation border;
—draw up, jointly with the Financial Administration (Listopad), the procedure for collecting monetary funds from crossing points on the Russian Federation border.

9. I entrust control over the implementation of this order to V.F. Kruglikov, first deputy chairman of the Russian Federation State Customs Committee.

10. This order comes into force from the moment it is published in the newspaper ROSSIYSKIYE VESTI.

[Signed] A.S. Kruglov, chairman of the Russian Federation State Customs Committee.

Appendix to the Russian State Customs Committee Order

In accordance with Article 116 of the Russian Federation Customs Code, the Russian Federation State Customs Committee lays down the following rates of customs imposts for the customs escorting of each means of transport used for shipments of goods under customs control:
—10 times the minimum labor remuneration for the customs escorting of goods within the operating region of one customs office and also within the limits of the city of Moscow, Moscow Oblast, and the city of St. Petersburg;
—20 times the minimum labor remuneration for the customs escorting of goods beyond the operating region of one customs office and also beyond Moscow Oblast and the city of St. Petersburg.

Agreed: S.V. Aleksashenko, Russian Federation deputy minister of finance.

Approved: V.F. Kruglikov, first deputy chairman of the Russian Federation State Customs Committee.

Komi Plans To Boost Oil Production by Cutting Taxes

MK0703114095 Moscow SEGODNYA in Russian 7 Mar 95 p 11

[Unattributed report under the "ADS Reports " rubric: "Komi: Tax Breaks for Oil Producing Enterprises"]

[FBIS Translated Text] The board of the Industry, Transport, and Communications Ministry of the Republic of Komi has drawn up measures to stabilize oil production. Minister Yevgeniy Grunis told the ADS news agency that, in particular, it is planned to lower the republican profit tax rate by 50 percent for the final stage of field development; to cut property tax by 90 percent; and to exempt enterprises using thermal oil production methods from the tax on use of natural resources. The proposals have been sent to the administration of the head of the republic to draw up relevant edicts on their basis. In 1994, speakers at the board meeting said, oil production in Komi dropped by 20.4 percent against 1993 to 9.3 million tonnes. A total of 40 percent of oil wells are standing idle. Drilling volumes have fallen 27-fold in comparison with 1988 to 32,000 m.

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International Affairs

Pavlograd: U.S. Asked To Stop Nuclear Monitoring

LD0803210795 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 8 Mar 95

[FBIS Translated Text] A regular rotation of U.S. experts, who have been carrying out continuous monitoring at the Pavlograd mechanical plant since 12 January this year in compliance with the Treaty on Strategic Offensive Arms [START II], is scheduled for 9 March. The Pavlograd mechanical plant is subject to such monitoring.

The Ukrainian Foreign Ministry pointed out that, in compliance with the provisions of the Protocol on Inspections, the Ukrainian side proceeds from the understanding that the continuous monitoring carried out by the United States at the Pavlograd plant should be terminated not later than 31 May 1995. The Ukrainian side believes that the date that START I came into force has no direct, specific relation to the date of the termination of continuous monitoring at this enterprise.

Kiev Questions Statement by Russian Navy Chief

LD0803195595 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 8 Mar 95

[FBIS Translated Text] Ukraine's Foreign Affairs Ministry has sent an official inquiry to Moscow as to the nature of the statement made on Tuesday [7 March] by Admiral Feliks Gromov, the Russian Navy commander, at a meeting with First Deputy Prime Minister Oleg Soskovets, Yuriy Serheyev, the head of the Foreign Ministry's Main Information Directorate, told a briefing, INTERFAX reports.

According to the Foreign Affairs Ministry, the Russian Navy commander voiced his opposition to the joint deployment of the Ukrainian and Russian fleets in Sevastopol. At the moment, Feliks Gromov's statement is being regarded as informal, said Serheyev.

The head of the Information Directorate refused to confirm or deny reports that Russian President Boris Yeltsin's visit to Kiev has been postponed.

National Affairs

Report That PM Masol Will Undergo Surgery

AU0903090495 Kiev MOLOD UKRAYINY in Ukrainian 7 Mar 95 p 1

[Report attributed to UNIAN published under the rubric "Fact"]

[FBIS Translated Text] After retiring, Ukraine's Prime Minister Vitaliy Masol will fulfill the duties of people's deputy and will also work as a consultant. He is now going on vacation and will then go into hospital to undergo surgery.

Masol Details Cabinet's Draft Budget Changes

AU0803201695 Kiev HOLOS UKRAYINY in Ukrainian 7 Mar 95 p 1

[Unattributed report: "The Government Has Increased the Expenditure Part of the 1995 Budget, and This Has Led to a 7.5-Percent Increase in Its Deficit, Maintains Vitaliy Masol"]

[FBIS Translated Text] Ukraine's Cabinet of Ministers on 3 March introduced a series of changes into the country's draft state budget for 1995, said Ukrainian Prime Minister in an interview with correspondents in Kiev on 4 March.

According to him, the government adopted a decision to increase the financing of boarding schools, work on improving water supply to southern Ukraine, conversion measures, and building housing for servicemen.

V. Masol said that the Cabinet of Ministers had decided to increase financing power ministries. According to him, additional funds will be used for purchasing military technology, foodstuffs, and uniforms.

In his opinion, the budget changes will lead to a 7.5-percent increase in its deficit.

V. Masol believes that "money printing cannot now be stopped" in Ukraine. The restriction of credits in December 1994 led to a sharp decline in the output, he said and added that "the economy may be revived only with the help of issuing credits."

'Key Adviser' Arrest Deemed 'Pretext' To Hurt Moroz

WS0803124095 Kiev INTELNEWS in English 0057 GMT 8 Mar 95

["Special to INTELNEWS" by Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, March 7—A key adviser to Parliament Speaker Oleksandr Moroz was arrested Monday [6 March] night for embezzlement, members of the parliamentary Organized Crime and Corruption Committee told INTELNEWS on Tuesday.

Among the charges levied against Moroz adviser Viktor Bozhenar was that he helped Moroz divert "foreign credits for his personal needs," said Mykhaylo Ratushniy, committee member.

"This is just a pretext to blame the parliamentary Speaker," he added.

Bozhenar, the former trainer of Kiev's Budivelnyk basketball team, was nabbed by officials of the General Prosecutor's Office as he was leaving the Parliament building at 7 p.m., according to Ratushniy and one other committee member who requested anonymity. According to the deputies, Organized Crime and Corruption Committee officials also took part in the arrest.

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The Moroz adviser was arrested according to Article 86 of the Ukrainian Criminal Code, which deals with the embezzlement of state property. He had $780 in his pocket when he was arrested.

According to Ratushniy, members of the Committee have in their possession "a lot of materials that prove Bozhenar's and Moroz's guilt."

"All the data we know will be revealed to the Ukrainian people," Ratushniy said.

He also predicted that the arrest of the Moroz adviser will have a significant influence on the fate of next week's Presidium's report to Parliament.

"I think during Presidium report discussion, deputies will have a lot of information about what Parliament's leadership is doing instead of providing for the effective work of Parliament," Ratushniy said, adding that he viewed the arrest as "only the first step" toward securing the resignation of the Speaker

Ethnic Hungarians at Ukraine Minority Conference

95CH0155A Uzhhorod KARPATI IGAZ SZO in Hungarian 7 Feb 95 p 2

[Unattributed article: "Regional Conference in Uzhhorod"]

[FBIS Translated Text] A regional seminar, attended by the minority organizations in Ukraine's nine western oblasts and by the competent leaders of oblast councils was held in Ungvar [Uzhhorod] at the beginning of this month. The two-day conference was sponsored by Ukraine's Ministry of Nationalities, Migration and Cults. The representatives of about 40 minority organizations in the region came to Ungvar. From Subcarpathia [Transcarpathia], the cultural and interest-representing organizations registered at the oblast level had been invited. The ethnic Hungarians of Subcarpathia were represented by the Cultural Association of Subcarpathian Hungarians (KMKSZ) and the Association of Subcarpathian Hungarian Intellectuals (MEKK), specifically by KMKSZ chairman Sandor Fodo and MEKK cochairman Sandor Horvath.

The Ministry of Nationalities, Migration and Cults sent Deputy Minister Raul Chilachava to Ungvar. In addition to conducting the seminar, he familiarized himself with life in the oblast, and with the work of the minority, interest-representing, and cultural organizations operating here.

At the conference, Raul Chilachava presented an overall picture of the work the ministry is doing on behalf of the ethnic groups living in the republic. Among other things, he outlined the efforts to perfect the educational system, provide broader cultural opportunities, and foster minority languages. He explained that in many instances the minorities' sense of being disadvantaged did not depend solely on political will and good intentions but was a function of the general economic situation.

Ivan Hritsak, deputy chairman of the oblast council, reported on the situation in Subcarpathia.

The representatives of each region were given an opportunity to speak at the seminar. Responding to the points pertaining to Subcarpathia's ethnic Hungarians in the deputy minister's speech and Ivan Hritsak's report, KMKSZ chairman Sandor Fodo confirmed the truly nice results in own-language instruction. There is a school wherever one is needed, but there is a teacher shortage in our schools. The Beregszasz [Berehove] Hungarian College was established, at considerable effort, to alleviate this shortage. The chairman requested aid from the competent authorities—namely, the ministry, and the oblast administration—for the college's operation. "We realize that the Ukrainian state is in a difficult situation," he said. "Therefore we have not asked for money. But we do expect that no obstacles be placed to the college's operation and its registration."

Sandor Fodo also noted that by no means have all the problems stemming from minority status been solved completely. While the ethnic Hungarians are represented proportionally in the councils—and in some localities even better than proportionally—that is not the case in public administration. The proportion of ethnic Hungarian officials in public administration is low even in Beregszasz. While recognizing the positive features of Ukraine's Language Law, the KMKSZ chairman also mentioned its shortcomings. There is no directive to implement the law. He criticized the provision of the law that states that the law applies wherever minorities constitute a majority of the local population. And he raised the question of what should be done when a minority accounts for 49.99 percent but a spiteful official refuses to allow the use of the minority language. What we recommend, Sandor Fodo said, is that "majority" be amended to read "a significant number."

Speaking of the problems, he pointed out that the procedure for reestablishing one's ethnicity [in official records] is too complicated and bureaucratic, and discourages one from even trying. One of the speakers before him said that a sovereign and democratic Ukrainian state is not being built on the basis of ethnicity, and that the objective is to develop a nation-state. Responding to this, Sandor Fodo noted: "Once and for all, let everyone take cognizance of the fact that we are not Ukrainians of Hungarian extraction, but are ethnic Hungarians and loyal citizens of the Ukrainian state." Instead of analyzing in detail the reports of the subsequent speakers, I will confine myself to the gist of what they all said—the more so because it turned out during the two days that the problems of the minorities living in the various oblasts are rather similar. Every organization or association representing the interests of ethnic groups is plagued by financial difficulties, and its work is being hampered by the lack of subsidies from the state budget.

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Everywhere conflicts arise between the majority and the minorities to a lesser or greater extent. In many places the work of the organizations is not really recognized or taken seriously. Contact with the mother countries poses problems for the ethnic Romanians, Poles, Germans and Hungarians. These nations' representatives living in Ukraine are receiving substantial assistance and would therefore like closer ties with their respective mother countries. Own-language instruction is not available for many ethnic minorities. However, practically all the conferees agreed that although as a result of the process of democratization in recent years there is no oppression of ethnic minorities or discrimination against them in Ukraine, the retention and fostering of native languages does encounter difficulties.

What the representative of the Chernovitsy Jewish Association said, for instance, was surprising. The overwhelming majority of the city's Jews had emigrated. Of the several dozen synagogues, the Jews who are left are using only one. Whereas in the past, places of worship were converted for "socially useful" purposes, the plan now is to transfer them to other denominations. In the association chairman's opinion, the past approach had been arbitrary, but the present one is downright humiliating. Yet the times have changed, have they not?

The heads of several associations raised the question of maintaining relations with the mother country, and the problems in conjunction with relief shipments received from there or from other foreign countries. Many of them complained that the customs authorities are levying duties even on shipments arriving as humanitarian aid.

This issue was raised with so much emphasis that it was decided to invite representatives of the customs authorities to the second day of the conference. These customs officials, in turn, provided detailed information for the conferees. Among other things, they called attention to Decree No. 573/24 June 1994 of the Council of Ministers, pursuant to which food shipments, pharmaceuticals, medical equipment, ambulances, shoes, clothing, periodicals and books sent to churches or voluntary public associations are exempt from customs duties. The persons accompanying such shipments may use hotel accommodations for the same rates that Ukrainian citizens are charged. Furthermore, pursuant to Decree No. 332/1994, materials and equipment for the construction or renovation of church-owned buildings are likewise admitted duty-free.

Most speakers briefly criticized the totalitarian regime's antiminority policies and practices, noting that many of the problems adversely affecting the minorities still persist, despite the positive trends during our few years of democracy and the undeniable tolerance that local governments and the higher leadership have been showing. Among other things, the educational system's shortcomings, too, illustrate this. There was instruction in six languages in Subcarpathia in the 1920's and 1930's, but after 1945 the ethnic Germans were deprived entirely of instruction in their own language.

In conjunction with the aforementioned period, the comment was made that back then, just as now, the voluntary public association and interest-representing organizations were able to function effectively as long as they did not become subservient to some political interest.

During the years when Subcarpathia was been a part of the Czechoslovak Republic, Prosvita played a very significant role. The reorganized movement's leader declared that the Subcarpathians' separatist label was a misconception, and stemmed from a distortion of the situation. The accusations of separatism were being fomented by external forces or by forces controlled from abroad. However, even so, it must be admitted, the accusations have not gained wide acceptance among the public.

Prosvita's representative joined several other conferees in demanding the restoration of the one-time assets of those organizations that had been operating also in the past.

Ukraine's cultural renaissance cannot be perceived solely as the flowering of Ukrainian culture. The cultural lives of the other nations, nationalities and ethnic groups living here have an equal right to exist. [sentence as published]

An overwhelming majority of the seminar's participants agreed that similar conferences were useful and necessary, notwithstanding the occasional differences of opinion on certain issues among the heads of individual organizations, mainly of organizations operating within the same oblast. After all, allowing different views to clash might be the first step toward solving the problems.

This was the second large-scale function held in Ungvar in recent months, the main topic at which was the situation of the minorities. Already for that alone, the local organizers deserve praise.

Chernobyl Back to Normal After Refueling Break

LD0903115895 Kiev UNIAN in Ukrainian 1100 GMT 9 Mar 95

[FBIS Translated Text] Kiev—In the early hours of 9 March, during the scheduled reloading of nuclear fuel, one of the fuel channels at the third generating set of the Chernobyl nuclear power station was sealed by means of a so-called "emergency plug." UNIAN was told this at Ukraine's Ministry of Environment and Nuclear Safety.

UNIAN had already reported a similar occurrence at the Chernobyl nuclear power station's third generating set on 6 March. The establishment of an emergency plug at both fuel channels did not enable the channels to be reloaded with nuclear fuel until the faults had been rectified, which is only possible after the generating set is

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shut down. However, according to the experts, this does not prevent the generating set from continuing to function at full power.

During the night of 9 March, the power of Chernobyl's first and third generating sets was temporarily reduced by 200 MW (at each set) because of an increase in the frequency level of Ukraine's electricity grid caused by a surplus generation of electricity.

The power at Chernobyl's generating sets was restored at 0500 on 9 March.

Report Views Kiev 'Catastrophic' Ecological Situation

AU0903124295 Kiev HOLOS UKRAYINY in Ukrainian 7 Mar 95 p 4

[Unattributed report: "Will It Become Easier To Breathe?"]

[FBIS Translated Text] The catastrophic ecological situation in Kiev's Kharkivskyy District, which is one of the worst affected by technological production, has long been a matter of concern for the capital's medics and ecologists. This topic was once again discussed at a scientific and practical conference entitled "The Effect of Ecological Factors on the State of Health of the Population in Kiev's Kharkivskyy District." According to Mykola Kyrylyuk, presidential representative in the Kharkivskyy District, the level of air pollution there is two or three times more than the upper safety limits.

Doctors believe that this is the prevailing reason for the increase in respiratory diseases: The number of patients registered as suffering from lung diseases is 40 percent higher than the city's average. One of the proposals made by doctors was to declare a nationwide competition for the best engineering project, whose implementation will make it possible to reduce the negative effect of industrial enterprises on the district's population. Some of the industrial giants located there are not yet equipped with purification systems.

Report Views Prospects for Space Industry

AU0903124895 Kiev URYADOVYY KURYER in Ukrainian 4 Mar 95 p 7

[Report and interview with Volodymyr Dranovskyy, head designer at the "Pivdenne" space vehicle design office, by Pavlo Beba and Andriy Chyrva: "Ukrainian Sputniks: To Hasten Slowly"]

[FBIS Translated Text] **After the disintegration of the USSR, our space industry has resembled a broken conveyor belt. With regard to its future, there is also the following opinion: It would have been better for us to start from zero. Nevertheless, the research collectives, inventors, and designers continue to do their work. It is planned to put our first national artificial earth satellite [sputnik]—"Sich-1"—into orbit. Experts believe that, when it comes to artificial satellites, Ukraine may have a say. But how soon? Let us find out from the report below.**

"We Have Always Been Fulfillers"

Academician Yaroslav Yatskiv, chairman of the Scientific Council for Fundamental Space Studies, has stressed that for conducting full-fledged and independent studies, the state must have launch vehicles, the space apparatus proper (sputnik), and a ground infrastructure (a space-vehicle launching site, a flight-control center, a center for long-range space communications, and so on).

What does Ukraine gain from all of this? The "Tsyklon" [Cyclone] and "Zenit" [Zenith] rockets are designed and manufactured in Dnipropetrovsk. Sputniks of the "Kosmos" [Cosmos], "Okean" [Ocean], and "Sich" series are also manufactured there.

With regard to the infrastructure, things are more involved, but, according to Academician Yatskiv, these problems are soluble. For example, several variants of space-vehicle launching site are available to enable Ukrainian rockets, carrying Ukrainian sputniks, to be launched. The most realistic and expedient of these is to take advantage of business and friendship ties with Russian specialists and use Plesetsk and Baykonur facilities. A variant, involving the creation of a space-vehicle launching site in Australia, was also considered, but it is exotic rather than realistic. A project of a floating space-vehicle launching site on special platforms was also submitted. The National Space Agency supports the project on the condition that its implementation and use will be of commercial significance. Where are you, wealthy sponsor? If possible, one stationed abroad. Yet another variant is to launch the rockets from aircraft. The "Svityaz" project is unique. However, we shouldn't be naive: Decades may be needed for its implementation.

"If one proceeds from the rule that 'a space power is only strong if it has strong science,' Ukraine's situation does not look that bad," Academician Ya. Yatskiv believes. "Our scientists took part in almost all of the Soviet Union's programs. Not as directors, but always as operators. But superb operators. For example, they learned how to create excellent and unique instruments and modules. Incidentally, it was rather good training. We received money from Moscow for some concrete project and created something without delay. But our space agency has not yet provided such 'privileges' for us."

Our national science also takes part in creating a surface infrastructure. For example, in organizing a Center for Flight Control. The Kharkiv Radio-Measurements Institute and the "Pivdenne" [Southern] Design Office have taken up this project. A center in Yevpatoriya will help us learn how to receive and process information.

There are interstate and national programs in the field of vision of the Scientific Board for Fundamental Space

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Studies. For example, the Crimean Astrophysical Observatory is now developing a large ultraviolet telescope with the mirror diameter of 170 centimeters in the framework of the "Spektr" [Spectrum] project. Other projects deal with solar studies ("Coronas," "Coronas-F," and "Photon"). Ukraine is represented in them by the Main Astronomical Observatory.

The second part is national. Ukrainian scientists have now addressed the interesting problem of the effect of earthquakes upon the ionosphere and the use of space technologies to predict earthquakes. An interesting project "Warning" is in the preparation stage. It will deal with anomalous phenomena and natural calamities. The main contribution to its development has been made by scientists of Kiev State University with Russian support. Biological experiments are also being conducted. For example, the problem of cell life in conditions of microgravitation. Unique experiments have been corroborated in the United States and are now being prepared for Russia. We need our own biological sputnik, but it presently only exists in blueprint form.

Space materials technology is also developing. The collective of the Metals Physics Institute has made certain achievements on the functioning of various physical substances in space. For example, crystals. In terrestrial conditions, it is impossible to achieve purity such as in conditions of microgravitation. Or purity in production of medicines. Generally speaking, the institute has certain ideas not yet known anywhere else in the world. For example, space technology of solidification. However, these experiments, too, are also hampered by the absence of a technological sputnik.

"Sich" for Space

Thus, we learned how to design sputniks back at the time of the USSR, which was a space-research giant. Therefore, we are close to accomplishing a cherished goal: To create our own apparatuses for technological, biological, and other types of research. What we need may be prosaic, but also quite complicated. For example, sufficient capital. So we have focused our efforts on the multipurpose "Sich-1" sputnik, which should must be put into orbit in June 1995.

[Dranovskyy] The sputnik is, in fact, ready. There only remains a certain amount of work associated with installing a Chilean instrument module on the "Sich." There is an accord between Ukraine and Great Britain, which directly cooperates with Chile, on such a sputnik within a sputnik. It goes without saying that the implementation of this plan will not only earn us dollars, but also prestige.

[URYADOVYY KURYER] The first Ukrainian sputnik is considered to be an original complex. How can this be confirmed?

[Dranovskyy] At least because a lateral-scan radar, not yet known in world practice, is installed on it. Its surveillance range is 450 km, enabling it to conduct detailed remote-controlled earth exploration, so that even very small agricultural strips could be monitored. The radar will make it possible to solve such practical tasks as assessing the level of cereal vegetation or contamination of soils, crops, subsurface water, and so on. In principle, the Kharkiv scientists who designed it believe that it will enable us to conduct a high-level ecological monitoring of Ukraine.

[URYADOVYY KURYER] Do we have every reason to call the sputnik Ukrainian?

[Dranovskyy] It was designed and built in the conditions of an independent state. However, the main point is that the lion's share of the components are also Ukrainian. In addition to the radar complex, a unique command and measurement system was also designed in Kiev. Initially, Russian specialists will help us control the sputnik and obtain and process information, but, gradually, we will be using our own infrastructure. Incidentally, the main objective of launching the "Sich-1" is to "run in" our own infrastructure, learn how to work with data obtained from space, and find a consumer for our products as soon as possible. For example, the Ukrainian Hydrometeorologic Service.

By tentative estimates, the sputnik will be in operation for one year. However, until then, a more dependable "Sich-2" program must be ready as planned. I would like this process to be ongoing. There is presently not a single country in the world that would not be interested in information obtained from space. That is why sputnik programs—domestic or borrowed—are used worldwide. India, a country with poor economic potential has excellent achievements in remote-controlled earth probing. Even purely militaristic countries are interested in obtaining sputnik information, although of a different nature.

[URYADOVYY KURYER] We have now become too pragmatic. So what will the first "independent" sputnik give the housewife?

[Dranovskyy] From the first launching, perhaps nothing. However, since the Space Agency plans a large-scale system of remote-controlled probing, we will be able to forecast the state of environmental facilities and structures and offer recommendations. Then we will be able to tell the housewife that, with the help of our sputnik, we could, for example, grow excellent sugar beet crops and not ruin them. This is a primitive example, but there are hundreds of more complicated and important ones.

[URYADOVYY KURYER] How many years and how much money is being spent on designing and manufacturing such sputniks?

[Dranovskyy] I want to say in general that, in this sphere, we must hurry up but avoid making ourselves a laughing stock. Balance and flawlessness are the main factors in space studies. It takes an average of five years to create a sputnik. However, less was spent on "Sich-1," because

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we already had something in our workshops prior to the disintegration of the Union.

The "Pivdenne" design office has an extensive program for creating sputniks. Over the 30 years of its existence, still within the framework of the all-Union program, the office designed, manufactured, and launched 398 sputniks.

Is this accomplishment too costly? It is difficult to tell, especially in view of our current inflation. Of course, it is not cheap. However, still in the times of the USSR, we advanced an interesting argument: The cost of grain lost during harvesting was much greater than the funds used for subsidizing space research. I think that such a parallel still applies to present-day Ukraine. That is why we should not discontinue space research, because it involves the most advanced science and technologies, and this means, in the final analysis, considerable currency revenue.

Here is just one example. The design office is developing a unique electrical jet engine. The designers are also looking into a possibility of using the principles underlying the engine system to create a plasma-jet surgical instrument. If such a medical device is created, then, according to preliminary estimates, it will cost $30,000 a piece on the world market. Initial investigations suggest that it will be in great demand.

Space-Related Services for Export

Ukraine's space program is presently going through critical times. We proceed from designing projects to implementing them in metal. In two or three years, it will become clear whether we will succeed in this or whether we are only capable of offering well considered projects.

The first Ukrainian sputnik is almost ready. Work on it is completed and it must be launched this year. Work on adding the finishing touches to the "Zenit" launch vehicle is in full swing. This will make it possible to look for commercial contracts not only involving low orbits, but also a geostationary one, which is of particular interest for communication services. We are working on creating our own geostationary sputnik, but there is still little financing. Much attention is also being given to terrestrial space facilities.

Ukraine does not invest in those space projects that will not contribute to our national economy. Therefore rumors that the sputnik programs are being speeded up so as to take care of military needs are not worthy of attention. Our sputnik program is meant for communication services and earth monitoring from space in the interests of agriculture, environmental protection, cartography, geodesy, and so on.

Whereas our compatriots have doubts as to the expediency of Ukraine's space-related activity, it does not surprise anybody abroad. From being the world's third or fourth largest state in rocket-building potential, we proceed to the sphere of activity as a full-fledged state, which manufactures rockets, conducts space research, works for the national economy, and, most importantly, offers its services in the international arena.

All over the world, budget financing is essential for the development of the space sector. Ukraine is in a unique situation with a world-standard quality product is being manufactured at a low cost. Our "Zenit" rockets have nothing to compare in the world among this class of rocket. That is why, unlike the majority of states, we cannot expect our space activity to be unprofitable. If, this year, financing remains at such a level that this work has to be halted, then, in a few years time, instead of selling space services, we will have to buy them at world prices. With sufficient financial support, we may soon start earning profits. Incidentally, according to leading foreign specialists, the market for the "Zenit" will amount to between 10 and 12 launchings a year, and this will ensure full a workload for the "Pivdenmash" [Southern Machine-Building Plant].

Economic Issues

Gas Debt to Russia Increases to $1.85 Billion

WS0803132695 Lvov INFOBANK in English 1238 GMT 8 Mar 95

[From the "News Service" feature]

[FBIS Transcribed Text] On March 6, at the meeting of the Cabinet of Ministers of Ukraine, the chairman of the meeting, Vice Prime Minister Ihor Mytyukov, remarked that for two months of 1995, Ukraine's debt to Russia for imported gas increased by 350 million USD [U.S. dollars] and now is equal to one billion 850 million USD. In January and February, Ukrainian consumers paid only 15 percent of the value of gas used. At the meeting, the necessity for the introduction of gas meters in Ukraine as soon as possible was once again stressed. The representatives of some regions protested the decision of the government to increase the price for gas for inhabitants of Ukraine to 80 USD for 1,000 cubic meters.

Azerbaijani Firm To Supply Oil Products

WS0803132895 Lvov INFOBANK in English 1238 GMT 8 Mar 95

[From the "News Service" feature]

[FBIS Transcribed Text] The Dnipropetrovsk brokerage firm EUROPE and three private Azerbaijani firms which are owned by entrepreneur Isayev, have created a corporation AZNAFTA (Asian oil). The goal of the corporation is to provide supplies of crude oil, lubricants and fuel to the region from Azerbaijan. According to the finalized treaty, 1 million tonnes of these products will be shipped to Dnipropetrovsk from Azerbaijan in 1995. The AZNAFTA corporation is going to supply Ukraine with tobacco, cotton, and air conditioners from Azerbaijan as well.

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High Radiation Levels Detected in Uranium-Mining Town

WS0803143895 Lvov INFOBANK in English 1238 GMT 8 Mar 95

[From the "News Service" feature]

[FBIS Transcribed Text] The KIROVHEOLOHIYA enterprise (Kirovohrad Geology) has detected 6,386 places where the level of radiation was exceeded in the town of Zhovti Vody, Dnipropetrovsk Oblast, where the mining of uranium takes place. The intensity of radiation was more than 120 micro-roentgens (unit of radiation) per hour, and in some places up to 23,000 micro-roentgens per hour. According to estimates, 101 billion karbovantsi in October 1994 prices is needed to undertake large-scale antiradiation and social protection measures for the residents of the town. The project concerning this problem was sent by city proxies to the Cabinet of Ministers. At the same time, the Government of Ukraine is preparing draft documents concerning the increase in the production of mined uranium and the modernization of uranium concentrating plants in Zhovti Vody and Dniprodzerzhynsk.

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Belarus

Premier Concerned About NATO Eastward Expansion

MS0903115695 London THE EUROPEAN in English 10-16 Mar 95 p 4

[Report incorporating an interview with Alyaksandr Lukashenka, President of Belarus, by Ian Mather, in Brussels; date not given: "Belarus Fears NATO's Move Eastwards"]

[FBIS Transcribed Text] President Alyaksandr Lukashenka of Belarus is worried that his country is being sandwiched between Russia and NATO.

Asked whether he opposed eastern European countries joining the North Atlantic Treaty Organisation, he said: "I might put the same question to you. How would Great Britain feel if Russian tanks were deployed in France along the Channel coast? But in the case of my country the Nato tanks would be only a few metres from Belarus."

Although I replied that I could not speak for the British government, I felt sure that sure they would in those circumstances feel very concerned. "Well it's exactly the same thing for us", he said. "Belarus is very concerned."

Sketching out a map showing Belarus squashed between NATO expanding from the West and Russia from the East, he said: "Here is Russia, a nuclear power. Today NATO is pushing its armed forces towards the frontier.

"But Russia knows quite well that NATO is trying to advance, not only to the frontier of Belarus but to the frontier of Russia.

"Both the Americans and the Russians believe their sphere of interest extends into every corner of the world. Therefore this proposed deployment of Nato forces might provoke a reciprocal reaction from Russia.

"In effect, Russia is being provoked. The president of Belarus does not want his people to be trapped between two opposing blocs. Why should anybody want to crush a small state like ours? The West's policy has already led to instability in Russia.

"If the West continues with this policy instability in Russia will become irreversible. Russia is an important nuclear power. Now perhaps you will understand why we are so worried."

Lukashenka was in Brussels to sign a ten-year co-operation and partnership agreement with the European Union. In an exclusive interview with The European, he insisted on emphasising what he saw as the danger from an eastwards expansion of NATO.

"The people of Belarus suffered enormously during the Second World War," he said. "A quarter of its people died. The last war still evokes a psychological response. Our people have suffered too much."

He also said that Belarus had decided to join NATO's partnership-for-peace programme "because we want peace". Nevertheless, he added: "The programme does not foresee the appearance of the armed forces of NATO on the border of Belarus."

Even though partnership for peace was envisaged as a step-by-step plan to eventual Nato membership, Lukashenka said that because it was a "neutral country", Belarus did not want to join the alliance.

He went on to chastise the West for failing to help Belarus destroy thousands of its heavy weapons under the Conventional Forces in Europe (CFE) Treaty. He also defended his decision to stop destroying weapons on Belarus territory.

The treaty, signed in 1990 by members of NATO and the now-defunct Warsaw Pact, provides for the biggest cuts in the history of arms control. But on 25 February Belarus put the treaty in danger by deciding to suspend the scrapping of weapons.

The Belarus government defended its action on the grounds that, as one of the most heavily armed parts of the former Soviet Union, the final cost would run into millions of dollars. Belarus is obliged to scrap 2,171 tanks, 167 combat aircraft, 1,087 armed personnel carriers and 333 armoured vehicles. Its tank elimination quota alone is four times greater than the combined quota for the US, France and Britain.

"The presence of that equipment in our country was not because the people of Belarus wanted it there," said Lukashenka, "but because of the confrontation between NATO and the Warsaw Pact. So it was logical that the West should formally promise to assist us to destroy these weapons.

"The same promise was given by the Russians. But I have to say that so far the West has done practically nothing. We have destroyed nearly three-quarters of the arms that we were supposed to. It has all been done out of the Belarus budget.

"We can no longer afford it. We simply do not have the money to continue decommissioning these arms. That's why the process has been suspended. It has not stopped. It is suspended."

He added: "All this is happening against the background of our having to live with the consequences of the Chernobyl disaster. Twenty percent of our budget is spent dealing with that."

He went on to claim that the West had given many promises of help but that almost nothing had been forthcoming.

"Yet Chernobyl is costing thousands of lives, especially those of children. That is why we insist on allocating funds to defend our population. In addition, we are

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having to construct new homes for people forced to leave the contaminated area. There is still so much work to be done, and so little money."

Lukashenka said the principal importance of the agreement with the EU was economic. It would also ensure the flow of foreign investments to Belarus and support economic reforms.

But it did not imply any weakening of ties with Russia, with which Belarus signed a friendship treaty when Boris Yeltsin visited the capital Minsk in February. Lukashenko described Russia and Belarus as "independent, sovereign but brotherly states".

He added: "Russia is a particularly close and genuine partner of Belarus in the political, economic and spiritual spheres. Many ties link our history and culture.

"Russia accounts for 84 per cent of our foreign trade. We have signed around 100 documents with Russia and are working on another 19. But our aim is not to unite on a political basis. It is a relationship between sovereign states and it has the support of the overwhelming majority of my people."

West's Response to Arms Destruction Halt Eyed

MM0703133495 Moscow ROSSIYSKAYA GAZETA in Russian 4 Mar 95 First Edition p 5

[Article by Mikhail Shchipanov: "President Lukashenka Under Attack From West. Technical Suspension of Destruction of Military Equipment Prompts 'Strategic Conclusions'"]

[FBIS Translated Text] The apparently paradoxical joke about the arms race being expensive, but the disarmament race being even more expensive would no longer raise an eyebrow. So the Belarusian leadership's decision to suspend somewhat the destruction of the military equipment stockpiled on the republic's territory and dating back to Soviet times logically should have been regarded as a purely economic one. Indeed, since the breakup of the Union, it is Belarus that has borne the heavy burden of "cutting up and crushing" thousands and thousands of tanks, infantry fighting vehicles, and other equipment not covered by the stringent quotas laid down for Europe by the Treaty on Conventional Forces and Armaments.

The "second," Belarusian echelon had special strategic status, an excessive amount of equipment was deployed in the republic, so even now the norm for Belarusian global reduction for tanks alone, for example, is four times greater than the total "owed" by the United States, France, and Britain under the treaty. Therefore, for Belarus, not the biggest state in Europe, the pleasure of disarmament appears not only and not so much prolonged, as amazingly expensive. For example, finally removing one tank from the face of the earth involves an outlay of $2,500.

So it became clear pretty quickly that Belarus would not be able to destroy the major Soviet armored legacy out of its own funds. Indeed, aside from scrapping what was once mighty formidable equipment, additional sums have to be allocated for purely ecological measures. In short, it is logical that Belarus should have been unable to stand such a hectic disarmament race and that the noise of the saws should therefore have ceased in the tank cemeteries.

Why, then, did the West react so strongly to the Belarusian move? Was it merely because it is now allergic to constant requests for financial aid from the East?

It is not so much a matter of money, of course, as of European politics on the grand scale. President Lukashenka's more than resolute protests against the planned expansion of NATO have not gone unnoticed west of Brest. In fact, the Baltic countries have made loud requests for permission to come under the Atlantic roof, Kiev is, as it were, secretly dreaming about a bloc, but Belarus is not afraid of stepping out of line. The Belarusians are not only not jostling outside the crowded NATO antechamber, but are even talking about the need to maintain overall strategic parity on the continent. In short, they are clearly downplaying NATO's role as the "chief stabilizing factor in Europe."

That is why the European capitals decided to teach Minsk a bit of a lesson. As is known, attack is the best form of defense. So, leaving aside all the talk about the need for overall strategic equilibrium, the European capitals, in concert, set about reproaching Belarus for wanting to undermine the Conventional Forces Treaty setup.

But it is not all that simple as regards the treaty which Europe once struggled to create. It was devised for the Old World, divided into two blocs. So the actual quotas for the number of conventional armaments to remain on the continent were originally calculated on the basis of the unfortunate fact of global confrontation. It was later that the tanks were distributed by strategic regions and individual countries.

Much water has flowed down the Volga and down the Rhine since that happy time of general compromise. The Warsaw Pact gave up the ghost. For many countries the vector of potential threats changed. In particular, Russia is now obviously unhappy with the quota allocated to it under the treaty for our southern flank, which in the current situation is the most explosive. What would happen if Poland, Hungary, and the Czech Republic were admitted to the NATO porch, and were to add the armored forces they kept from the Warsaw Pact complement to NATO's? What kind of equilibrium would you have then? Would the treaty still be a guarantee of parity on the continent?

That is why Moscow has recently and repeatedly made it clear that the old quotas, particularly when broken down into regions, will have to be revised. The European world

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has clearly changed. But a revision of the treaty would inevitably lead to a review of the new, increasingly Atlantic-orientated configuration of Europe, and Brussels plainly does not want this.

Naturally, it was decided to make Lukashenka feel slightly uncomfortable by portraying the suspension of the tank scrapping as an attempt to launch a trial balloon with Moscow's blessing and test the general Western reaction to the possibility of the suspension of the process as a whole, which was started six years ago. At the same time, the spotlight was trained, as it were, on the nonindependence of the Belarusian president, who is becoming more and more subject to the Kremlin's diktat. Indeed, Lukashenka is being blamed for everything. The growing union between the two Slavic states is beginning to worry many people...

Constituent Congress Creates New Party in Mahilyow

WS0903090595 Minsk Radio Minsk Network in Belarusian 0400 GMT 9 Mar 95

[FBIS Translated Text] Despite the fact that the election marathon has already begun with 29 Belarusian parties eligible to participate, the process of creating new political organizations continues. It is most likely not only the electoral political situation that motivates the creators of new political parties. This was affirmed by delegates and guests of a constituent congress of the People's Party Revival [Narodnaya Partyya Adradzhenne], which took place in Mahilyow. The party deems its (?primary) goal to be the spiritual survival and upbringing of the Belarusian people.

Moldova

Observers Note 'Proxy Voting' in Gagauz Referendum

AU0803201595 Chisinau INFOTAG in English 1930 GMT 7 Mar 95

[FBIS Transcribed Text] Chisinau INFOTAG, 7/3/1995—"The general impression is that the referendum was held peacefully, without pressure put on voters, and in accordance with basic international standards." Such a conclusion was drawn by the OSCE [Organization on Security and Cooperation in Europe] observers concerning the referendum on the inclusion of villages/towns into Gagauz Yeri.

The OSCE Office for Democratic Institutions and Human Rights (ODIHR) sent an Observers Group to Moldova which comprised experts from the United States, Turkey, Poland, Bulgaria, Hungary, as well as the OSCE Mission to Moldova, who monitored closely the administration of the referendum.

In their press statement, delivered to INFOTAG, the observers wrote that they had visited all localities where the voting took place. The Group coordinated its activities with the delegation of the Council of Europe.

However, the observers expressed concern about evidence offered locally that local procedures for the preparation of the referendum were not fully observed, and that the basis of participation or non-participation of some localities was not clear.

"The secrecy and the individuality of the vote were respected, albeit not always enforced; family or proxy voting did take place at some polling stations," the statement reads.

"Results demonstrated some ethnic-based voting. In a few localities significant numbers of other ethnic groups voted for inclusion into Gagauzia. Local officials have stated that further referenda for joining Gagauzia can be held if requested by additional localities. The Referendum Law is not clear on this point," the observers wrote.

Finance Minister Presents Report on 1994 Activities

AU0803211995 Chisinau INFOTAG in English 1930 GMT 7 Mar 95

[FBIS Transcribed Text] Chisinau INFOTAG, 7/3/1995—Following is the exposition of Finance Minister Valeriu Chitan's report on the Ministry 1994 activities, presented by him on February 23 at the full-scale sitting of the Ministry Collegium attended by President Mircea Snegur.

"The national economy has lost its guidelines of development, and that caused negative phenomena in the system of accounts by having paralyzed the system to an uncontrollable degree. All this was accompanied by a crisis of non-payments," Chitan said.

The 1994 State Budget had to be implemented by the Ministry in the conditions of short-receipt of 25-30 percent revenues, and, accordingly, the same percentage of expenditures had to be repaid with a delay.

At the expense of the budget, the ministry repaid agrarian enterprises' debts, namely bank credits, and made deductions to the budget worth 100 million lei. thirty-one enterprises of the Ministry of Industry have been granted "tax vacations" worth some 40 million lei, and Agriculture Ministry enterprises—44 million lei.

In 1994, the budget system cashed revenues and taxes worth 1,417 million lei (3.7 times greater than in 1993), which amounted to 90.3 percent planned revenues. In this total sum, the share of direct taxes was 40 percent (563 million lei), and indirect taxes 30 percent (434 million lei).

As on January 1, 1995, economic agents owed 303 million lei to the budget, which was 27 times greater than

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in the previous year. Out of the total size of non-payments, the VAT arrears were 103 million lei, excise duties arrears 86 million lei, that is 28 and 30 percent, respectively.

In the total debt to the Budget, 173 million lei is owed by the agro-industrial complex, 41 million by the energy sector, and 43 million by the industry sector.

During 1994, the Finance Ministry made offsetting of payments worth 250 million lei.

The number of registered violations of fiscal legislation increased from 3,172 cases in 1993 to 4,773 in 1994, and the sum of fines, which was 3.2 million lei in 1993, grew 2.9-fold last year. Four out of ten violations were connected with storing and trading of goods without any documents certifying their legal origin, or without book keeping.

According to Chitan, the age-old habit to live in debt has generated local power bodies' strivings to finance local budgets at the expense of the state budget. Thus, as on January 1, 1995 local budgets allowed for an indebtedness worth 184 million lei in the form of loans, and 187 million lei worth of debts in the form of tax arrears to the state budget from behalf of local economic agents. The title of "champion" is held by Chisinau (148 million lei), followed by Balti (21 million), Edinets (9.7), etc.

In spite of numerous discussions with the National Bank, the Tax Inspection cannot perform its duties to a full scale and cannot receive true information on spending money by commercial banks. Moreover, in recent time the banks have been using the pretext of guarding commercial secrets and thus refusing to provide even basic information to tax inspection bodies. In such conditions, Chitan warned, the budget is doomed to paralysis. Without a tough control over money circulation, the monetary and credit policy may be undermined.

During 1994, the Finance Ministry kept on working out the legislative and methodological framework for the national fiscal system. The Parliament adopted the laws on local taxes, on value-added tax, on excise duties. Currently, drafting work is near completion over the laws on taxation of banks, taxation of insurance companies, on real estate and natural resources taxes.

The Finance Ministry views its chief task for 1995-1996 in elaborating a new legislative framework for establishing a new taxation system to meet the requirements of developed market economy. The framework should cover three main spheres: changes in profit (income) taxation; changes in indirect taxes; and changes in land tax and land property tax.

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Kazakhstan

Hungarian Prime Minister Arrives on Visit

LD0803174995 Almaty Kazakhstan Television Network in Russian 1520 GMT 8 Mar 95

[FBIS Translated Text] Hungarian Prime Minister Gyula Horn arrived on an official visit to the capital late this evening.

Deputy Prime Minister Akhmetzhan Yesimov, Foreign Minister Qasymzhomart Toqayev, Interior Minister Bolat Bayekonov and other officials met the high-ranking guest and the delegation which accompanied him at the Kazakh capital's airport.

This visit by the Hungarian prime minister is a logical sequel to the agreements signed by President Nursultan Nazarbayev of Kazakhstan and President Arpad Goncz of Hungary in Budapest in December. A number of important documents on extending the mutually advantageous political and economic cooperation between Kazakhstan and Hungary are planned to be signed during Hungarian Prime Minister Gyula Horn's meetings with our state's leadership, which are to be held tomorrow.

Nazarbayev Files Objection With Constitutional Court

LD0803192795 Almaty Kazakhstan Television Network in Russian 1500 GMT 8 Mar 95

[Report on interview with President Nursultan Nazarbayev on 8 March; Objection by Nursultan Nazarbayev to Constitutional Court decision—announcer read]

[FBIS Translated Text] [Announcer] KAZAKHSTANSKAYA PRAVDA today [8 March] reported that on 6 March the Constitutional Court of the Republic of Kazakhstan issued a resolution on a case brought by citizen Tatyana Kvitkovskaya. This resolution rules that Resolution No. 37 issued by the Central Election Commission of the Republic of Kazakhstan of 1 February 1994, on the voting organization and procedure and calculation of the results of elections of Supreme Council deputies from the state list and the results of elections of Supreme Council deputies in constituencies, that were held on 7 March 1994, was not in accordance with our country's constitution. The newspaper reports that this decision by the Constitutional Court implies that the incumbent deputies in the Supreme Council were elected illegally.

The president of the republic has voiced his objection to the decision by the Constitutional Court.

[Begin recording] [Unidentified correspondent] What prompted the president to come to work on a holiday [International Women's Day] today and gather his analysts and lawyers together?

[Nursultan Nazarbayev] Despite this being a holiday, I did hold a very wide-ranging discussion today, and yesterday evening too, on a very important event that has taken place in our state.

I am talking about the decision by the Constitutional Court on 6 March. I received this decision yesterday. What happened was that Tatyana Kvitkovskya brought a case to the Constitutional Court. This case was considered and, in part, upheld.

We are talking about the future of the current Supreme Council elected on 7 March last year.

The entire population of Kazakhstan knows that I am always talking about stability within and around our country. Stability also means stability of power. We need it in order to pursue, in a calm atmosphere, the reforms we are implementing.

At the same time, constructive work has now begun in the current Supreme Council, to which I attach high hopes. At the very beginning we signed an important document on interaction between the executive and legislative branches of power. People have been appointed and this has begun working.

The Supreme Council was sorted out recently, and very important laws began to be passed after my December speech. This year the republic's budget was approved.

Now a document passed by the Constitutional Court says our Supreme Council became illegitimate from the moment the document was adopted.

As a consistent advocate of the stability of power, I cannot do anything other than react to this event.

In the interests of the stability of power, and the stability of our republic, I have used my constitutional right to file an objection, which halts the effect of the decision until it is considered by the Constitutional Court.

We must all, on the other hand, treat any decision by the Constitutional Court with respect. If we are building a state that is founded on law, and if we accept the supremacy of our country's laws, we must treat a Constitutional Court decision with respect, no matter whose interests it affects.

At the same time, I appeal to the Constitutional Court to be extremely objective and extremely responsible, and to be guided only by the Constitution and laws of our country. I think that a calm attitude to this, a calm solution to the issue, consultations, subordination to the Constitution and laws, and strict observance of them, will give us an opportunity to get out of this situation.

That is why I held this conference today—to draft and file my objection, or veto, with the Constitutional Court, which is something I have the right to do under the Constitution. [end recording]

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[Announcer] On 6 March 1995 the Constitutional Court of the Republic of Kazakhstan issued a resolution on a case brought by Citizen Kvitkovskaya which I consider unjustified, the president's objection to the Constitutional Court decision reads.

Under Article 130 of the Constitution of the Republic of Kazakhstan and Article 10 of the Law on the Constitutional Court of the Republic of Kazakhstan, acts passed by the Central Election Commission of the Republic of Kazakhstan do not fall within the competence of the Constitutional Court of the Republic of Kazakhstan. The requests filed in the case brought by Citizen Kvitkovskaya belong to the jurisdiction of a general court. In other words, the condition stipulated in Article 18, Section 1, Paragraph 4 of the Law on Constitutional Justice in the Republic of Kazakhstan.

I would also ask you to bear in mind that your decision complicates the task of providing the legislative back-up for the socioeconomic reforms which are being implemented, and it makes it more difficult for the supreme bodies of state power to function.

On the basis of the above and in accordance with Article 131 of the Constitution of the Republic of Kazakhstan, I file an objection to the resolution issued by the Constitutional Court of the Republic of Kazakhstan on 6 March on the case brought by Citizen Kvitkovskaya.

Aktau Area Without Water Purification

954F1680A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 4 Mar 95 p 1

[Report by KAZAKHSTANSKAYA PRAVDA correspondent Olga Kovalenko: "One Cannot Get Far Without Water"]

[FBIS Translated Text] Aktau—Beginning from the middle of February, residents of Aktau and nearby settlements are advised not to take baths or showers. The city administration announced that the city ran out of chlorine for water disinfection: Despite timely prepayment, one of Pavlodar's chemical enterprises did not ship this substance to Mangistau on time. Use of nonchlorinated water presents a danger of infectious diseases, warned the city commission on emergency situation through the mass media. The "dry law" will be in effect in Aktau approximately for another week. We have learned that the railcar with the chemical has already left Pavlodar. The railroad promised to ensure the "green light" for it all the way.

Figures Show Inflation Level Coming Down

954F1681A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 4 Mar 95 p 1

[KAZTAG report: "A Welcome Decline: Inflation in Kazakhstan Dropped from 42.6 Percent Last Year to 6.7 Percent in the Current Year"]

[FBIS Translated Text] Official propaganda of the past interpreted for us the word "inflation" as an invariable companion of capitalism and did not even admit the idea that this inflation may in any way affect Soviet people. Life turned out much more complex, though, than our past perception of it. The overwhelming majority of Kazakhstan's population already has felt the tight noose of inflation. It became a cruel reality of the republic's difficult entry into market relations, an icy shower in the battle for survival.

Still, what is the situation with respect to inflation in Kazakhstan?

Judging by statistical data, it looked like this last year: January—42.6 percent; February—24.2; March—17.4; April—31.8 percent; May—33.8; June—45.9; July—25.0; August—13.2; September—9.7 percent; October—20.1; November—14.1; December—10 percent. And here are indicators for the current year: January—8.9 percent, and February 6.7 percent.

As one can see from the data above, October of last year, in particular, was "out of line." But this is when prices for bread and bakery items were decontrolled. Then decline continued, which we can only welcome.

Serious politicians associate this irreversible process with the strict course in the area of fiscal and monetary policy being implemented by the new Cabinet of Ministers, headed by Akezhan Kazhegeldin. The very fact that inflation declined over the past five months from 20.1 to 6.7 percent supports this contention.

Foreign governments and businessmen appraise any state by the level of inflation, as if judging a book by its cover, since the extent of this phenomenon is the most important indicator of the stability of any country.

One can only wish our new government, "Keep up the good work!" So that abroad we would be judged not be appearance but by substance. But it would be much more gratifying to see it begin to happen in our own country.

Tajikistan

Rakhmanov Leaves To Meet UN's Ajello

LD0903113195 Moscow ITAR-TASS in English 1122 GMT 9 Mar 95

[By CHOVAR News Agency for TASS]

[FBIS Transcribed Text] Dushanbe March 9—Tajik President Emomali Rakhmanov left for Copenhagen today to attend the international summit for social development due to be held on March 11-12.

Rakhmanov is expected to meet U.N. Undersecretary General Aldo Ajello to schedule the time and venue of another round of Tajik settlement talks.

Ajello, who is a mediator in the talks betweeb official Dushnabe and the Tajik opposition, held consultations

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with Tajik authorities in Dushanbe and with the leaders of Islamabad-based Tajik opposition a few days ago.

These meetings let to the extension of the truce in Tajikistan until April 26 and consent of the conflicting parties to meet for the fourth round of the talks.

The parties proposed different dates and places for the talks, but no final decision has been made.

Ajello will inform the Tajik president about results of his meeting in Pakistan with leader of Tajikistan's Islamic renaissance movement Akbar Turajonsodah. The meeting between Ajello and Rakhmanov will probably facilitate accord on the date and place of the talks.

Dushanbe initially proposed to hold the fourth round in Moscow in January. However, the opposition refused to meet in Moscow, saying that the city could not guarantee physical safety to the opposition.

The opposition now insists that talks be held in an Islamic country or in Europe. Russia says it is up to the Tajik parties to decide on the venue.

The extension of the U.N. mission's mandate in Tajikistan depends on the outcome of the forthcoming round of the talks. U.N. Secretary General Butrus-Ghali directed Ajello to go to Moscow after his meeting with Rakhmanov to continue consultations on the settlement in Tajikistan with Russian authorities.

Credit Agreements Approved With Pakistan, EU

LD0803121095 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 8 Mar 95

[FBIS Translated Excerpt] Yesterday, Tajik Prime Minister Dzhamshed Karimov chaired a regular meeting of the presidium of the government of the republic. [passage omitted]

A credit agreement between the Tajik Government and the Government of the Islamic Republic of Pakistan and a memorandum on financing arrangements between the Tajik Government and the Commission of the European Union for the TACIS [expansion unknown] Program for the fiscal year 1994 [as heard] were also approved. Socioeconomic development issues in the republic were also considered at the meeting. The appropriate resolutions were adopted on them.

Ministry Official: Grain 'Urgently' Needed

LD0803151495 Moscow INTERFAX in English 1414 GMT 8 Mar 95

[FBIS Transcribed Text] Dushanbe, Mar 8 (Interfax)—Tajikistan urgently needs grain, a Bread Product Ministry official told Interfax. He said that the country's output in 1994 was 0.2 million tonnes while it needed 1.5 million tonnes of grain and so it urgently needed contracts on grain purchases.

With the same harvest in 1993 Tajikistan could import in 1994 as little as 295,000 tonnes worth $42 million from outside the former USSR, in particular Austria, Britain, the Netherlands, Switzerland and the U.S. a total of 14,000 of flour was purchased for $3 million in the Netherlands and Austria.

A source in the CIS department of the Economy and Foreign Economic Links told Interfax that most of the grain imported in 1994 had come from Kazakhstan.

Uzbekistan

Czech Foreign Minister Arrives in Tashkent

LD0803154595 Tashkent Uzbekistan Television in Russian 1400 GMT 8 Mar 95

[FBIS Translated Text] Jozef Zieleniec, minister of foreign affairs of the Czech Republic, arrived in Tashkent today. He was met at the capital's airport by Foreign Minister Abdulaziz Komilov and other officials.

The Czech Foreign Ministry head is accompanied by a large group of entrepreneurs. The program for the visit includes a meeting with the Uzbek leadership. It also includes a seminar of Czech and Uzbek entrepreneurs and representatives of private business.

Holds Talks on Barter Trade Issues

LD0903123095 Prague Radiozurnal Radio Network in Czech 1100 GMT 9 Mar 95

[FBIS Translated Text] Touring Central Asian countries, Czech Foreign Minister Josef Zieleniec visited Uzbekistan today. Interviewed by Czech radio, he briefly summed up his talks in Tashkent.

[Begin Zieleniec recording] The main issue is to find ways to deal with the fact of their nonconvertible currency—that is, to deal with finding other channels for payments, above all in the form of barter agreements and other types of payment operations. [end recording]

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Armenia

Liparitan Views Relations With Ankara

954F1682A Moscow NEZAVISIMAYA GAZETA in Russian 3 Mar 95 p 2

[Article by Armen Khanbabyan: "Relations Warming Between Yerevan and Ankara—But Harmony Is Far From Complete"]

[FBIS Translated Text] An international science conference took place several days ago in Turkey's capital, dedicated to questions of enhancing stability and security in the South Caucasus region. Participating in it were diplomats and experts from 13 countries, as well as representatives from the Organization for Security and Cooperation in Europe, NATO, and the European Union. Armenia was represented by Zhirayr Liparitan, chief adviser to the president of the republic.

In the words of the Armenian diplomat, the main discussion centered around problems related to the situation in Chechnya, Karabakh, and Abkhazia. Additionally, the adviser to the Armenian president met with Turkish President Suleyman Demirel, Prime Minister Tansu Ciller, and Minister of Foreign Affairs Murat Karayalcin. Matters of bilateral Armenian-Turkish relations—at the freezing point to date—were discussed during the course of these meetings. Liparitan stated in this regard that it had become clear that Ankara was continuing to link the normalization of relations with resolution of the Karabakh problem. He noted, however, that Turkey's demands in this area had become less categorical and less arrogant, despite Azerbaijan's overt efforts to impede the rapprochement we see beginning.

New tendencies in Turkey's policy were subject to severe criticism at the conference on the part of the Azeri delegation. The Turks coolly announced, however, that they would never venture to interfere in Azerbaijan's internal affairs, and would expect appropriate reciprocal conduct on the part of Baku.

Liparitan believes that, in addition to everything else, Turkey's new approaches to relations with Armenia are related to Ankara's desire to participate in the peacemaking process in Karabakh as part of the international disengagement contingent. It is for the sake of this objective that Turkey agreed that the future oil pipeline that will link Caspian oilfields with Mediterranean ports may traverse Armenian territory. In principle, of course, Armenia would not be opposed to such an arrangement, but certainly not at the expense of its interests in Karabakh and its strategic ally relationship with Moscow, which is striving to attain complete control over the future pipeline. Therefore, the chief adviser to the Armenian president emphasized, in its striving to establish good-neighborly relations with Ankara, Yerevan is not linking their normalization with any preconditions whatsoever. On the whole, Liparitan characterized his meetings with Turkish leaders and politicians as "part of the diplomatic process overall," emphasizing that they have always been proper. As the Turkish press attests, however, the Armenian diplomat was less favorably disposed to local journalists and refused to answer their questions. This is explained by the fact that official Yerevan has been extremely annoyed at the conduct of the Turkish mass media in recent times, which, in attempting to create favorable public opinion for the coming rapprochement with Armenia, assert that the initiative in this matter belongs entirely to Yerevan and that the Armenians are allegedly prepared to make any concession for the benefits of future cooperation. Armenian opposition newspapers are filled with citations of such statements, of course. A special declaration of the republic Ministry of Foreign Affairs on this question states in particular that "information published in the Turkish press on behalf of the Armenian Republic authorities is contrived, and only people with a sick imagination can believe it." Thus, despite the definite trends towards improvement of the overall situation in Armenian-Turkish relations, a certain amount of time will have to pass before we see their full normalization. Nevertheless, the very fact that Liparitan travelled to Ankara via railroad across the Turkish border city of Kars, i.e., crossed a section of the border that is tightly sealed due to the Turkish blockade, shows that some movement is beginning to be seen in this issue.

Azerbaijanis Continue Shelling Border Regions

NC0803182295 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 8 Mar 95

[FBIS Translated Text] Friends, in our daytime newscasts we already informed you about the operations on the Armenian-Azerbaijani border last night by the Azerbaijani armed formations, which made unsuccessful attempts to invade the Tavush region and fired upon the defensive positions of a number of border settlements.

According to a report from the Armenian Defense Ministry press service at 1900, the infringements by the Azerbaijani armed formations continued this morning on Armenia's northeastern borders. Cease-fire violations were observed, in particular in the Tavush region. (?Mortar) fire was opened on the defensive positions of Movses at 1030. One person was injured. Large-caliber machine guns were used to fire upon the defensive positions of Chinari between 1050 and 1330 and of Nerkin-Karmirakhpyur between 1240 and 1330. The defensive positions of Aygepar were shelled between 1240 and 1400 with automatic weapons, mortar, and various other firearms. Our troops did not return fire.

A relative calm prevails on the rest of Armenia's state borders.

Vladimir Shumeyko on Ties With Armenia, Karabakh

NC0903072495 Yerevan Radio Yerevan International Service in Armenian 2030 GMT 8 Mar 95

[FBIS Translated Text] Commenting on Russian-Armenian relations in general, Chairman of the Russian

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Federation Council Vladimir Shumeyko noted that as in other places in the world, Armenians also live in our region and their number is considerable in Russia. I have lived in Kuban for 30 years and I cannot imagine Krasnodarskiy Kray without the Armenians, without that people. This is real fraternity. Therefore, at present, Russia is forging a policy vis-a-vis Armenian based on legal equality and respect for its freedom and sovereignty. Of late, we approved the agreement on 60 billion ruble credit to Armenia at the Federation Council. Despite the fact that at present the Russian economy itself suffers huge credit shortages, we unanimously defended and voted for that agreement.

Referring to the Karabakh problem, Shumeyko said: Effectively, no military operations are being conducted on Nagorno-Karabakh territory. It may appear that we have been resting on our laurels having achieved this result. But this not so at all. The fact is that all throughout this time active work was continuing on the diplomatic front. The Armenian and Azerbaijani presidents met in Moscow under the Russian auspices. Negotiations were held. You know that OSCE too participated in it and offered to mediate under the condition of combining these principles [of Russia and OSCE]. We have even reached the stage of UN Security Council in order to solve these problems there. Moreover, during the current diplomatic negotiations there is no more talk on the continuation of the military operations or the need to monitor them.

Karabakh Assent Required for Azerbaijan Oil Export

NC0903065495 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 8 Mar 95

[FBIS Translated Text] It is no secret that the new division of the world's oil between the superpowers is one of the hidden causes of the Karabakh conflict. The reference is to the transportation of Azerbaijani and Central Asian oil and the construction of the oil pipeline.

Some political circles in Stepanakert believe that in the circumstances, the Azerbaijan-Karabakh-Armenia-Turkey-Europe route is the most realistic one for the pipeline. Experts say the Azerbaijani leadership must realize that it cannot implement any oil export program without the agreement of Nagorno-Karabakh. As was correctly noted by Richard Shannon, the representative of the British House of Lords, during his visit to Stepanakert last year, Azerbaijan is like a pauper sitting on a pot of gold, but unable to use his wealth. Azerbaijani oil can find Karabakh and Azerbaijan reconciled only if Azerbaijan shows understanding of some matters of principle regarding the resolution of the conflict.

Karabakh Rights Figure on Human Rights Watch Report

NC0903050695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0917 GMT 8 Mar 95

[FBIS Transcribed Text] Stepanakert ("Respublica Armenia" daily), 03/08/95—RMK [Republic of Mountainous Karabakh] Coordinator of "Helsinki Initiative-92" organization Karen Ohanjanyan said that the report of "Human Rights Watch", recently published in New York, "is tendentious and has nothing to do with human rights". An abridged version of this 117 pages report has been spread by the OSCE secretariat among all its branches.

Karen Ohanjanian said that the document contains distortions of facts and clearly presents Azeri political interpretations. Particularly, the document tells that "robberies and looting were organized and planned by the RMK authorities".

Head of the RMK human rights organization sent a message to the coordinator of "Human Rights Watch" in CIS countries, telling that no documents or facts exist to confirm these speculations. The message stresses that the RMK Government is legitimate and was elected by all people of Mountainous Karabakh. Therefore, "Human Rights Watch" should present public apologies.

Georgia

French Ambassador Discusses EU Peace Operation

LD0803162695 Tbilisi Radio Tbilisi Network in Georgian 1500 GMT 8 Mar 95

[FBIS Translated Text] This is information by the Georgian head of state's press secretariat.

Today, 8 March, Georgian head of state Eduard Shevardnadze received Bernard Fassier, the ambassador extraordinary and plenipotentiary of France to Georgia. The ambassador spoke about holding the goodwill peacekeeping operation planned under the auspices of the European Union. In particular, he said that the resumption of the transit traffic in the Transcaucasus was of a great significance for the settlement of economic and political problems in the region. Fassier stressed that separate confronting parties would not use the above operation for gaining political dividends. In his words, the heads of governments of 15 European states will meet this year, on 23 March in Brussels. The meeting will once again discuss in detail holding the peaceful goodwill operation.

The head of state said the Georgian leadership firmly supported the peaceful operation and would participate in it, and noted that Georgia welcomed the peaceful operation as the political stabilization and an economic revival in the Transcaucasus was vital for all three Transcaucasian republics.

This information was supplied by the CONTACT news agency.

Shevardnadze Meets Envoys on EU Operation

LD0803173795 Tbilisi Radio Tbilisi Network in Georgian 1500 GMT 8 Mar 95

[FBIS Translated Text] On 8 March, Georgian Head of State Eduard Shevardnadze received the deputy prime

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ministers of Azerbaijan and Armenia, Fuat Guliyev [title as heard] and Gagik Shahbazyan, and the director general of the Foreign Economic Commission of the European Commission, Mr. Peters. Georgian Prime Minister Otar Patsatsia and Bernard Fassier, the ambassador extraordinary and plenipotentiary of France to Georgia, were at the meeting.

Guliyev and Shahbazyan spoke about the significance of the goodwill peacekeeping operation to be held under the auspices of the European Union. They said in particular that a joint effort during the operation would enable the opposing parties to find a common language, which would undoubtedly be a step forward in their relations.

The EU's stance towards the peacekeeping operation once again shaped out clearly at the meeting. The Georgian head of state thanked the EU for its efforts to resolve peacefully the conflicts in the Caucasus and for rendering humanitarian aid. Eduard Shevardnadze stressed that it was significant for the three Transcaucasian republics that traffic on highways across Abkhazia be resumed. The vice premier of Azerbaijan said that the signs of political and economic stabilization were noticeable in Georgia, and in Tbilisi in particular. He appealed to the Georgian head of state to support Azerbaijan's efforts for the resumption of railway traffic.

Russo-Georgian Commission Ends Work on Border

LD0903105695 Tbilisi IBERIA in Georgian 1020 GMT 9 Mar 95

[FBIS Translated Text] Moscow, 9 Mar—A joint Russian-Georgian commission has completed work on border demarcation. The border between the two states will run on the administrative border of the former Soviet Union—between the former Soviet Republic of Russia and the former Soviet Republic of Georgia. The two sides have once again confirmed respect to the principle of territorial integrity.

Pipeline Security Discussed With Armenian Delegation

NC0903072295 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 8 Mar 95

[FBIS Translated Text] Georgian Deputy Prime Minister Zurab Kervalishvili received an Armenian delegation of Deputy Prime Minister Gagik Shahbazyan [title as heard], Haygazart [Armenian gas company] Director Roland Adonts, and other officials. The problems relating to the repair of the blown-up sections of the gas pipeline in Gardabani were discussed. The meeting noted the need to establish control over the gas pipeline crossing Georgia and to protect it against provocative acts.

Chechnya Complicates Abkhazia-Russia Border

954F1620A Moscow IZVESTIYA in Russian 2 Mar 95 p 5

[Article by Boris Vinogradov, IZVESTIYA correspondent: "They Are Squeezing Tangerines and People: A Border Crossing on the Psou River"]

[FBIS Translated Text] With the opening of the border along the Psou River, another, if not hot spot, then sore spot, has appeared on Russia's outskirts because of the events in Chechnya. Communications between Russia and Abkhazia have been practically broken.

When making my way from hospitable Abkhazia, I was convinced that the obligation not to allow a single Chechen fighter across the border with the arrival of the spring and summer season would be carried out and, possibly, exceeded.

I do not know exactly what the Chechen plans are for Abkhazian territory and for when they move to the Black Sea beaches; however, it fell to me to overcome what they only dream about (if they dream, of course)—crossing the Russian control point on the Psou river.

According to certain data, from 30,000 to 50,000 Russians live in Abkhazia—basically people of retirement age who came to the warm region to live out the rest of their days under Soviet authority. They are of pension age, but no one pays them a pension. Even if they paid one, you could not live on R5,000 a month. The Sukhumi treasury is empty. The government hardly collects enough to pay salaries, more accurately grants, to the bureaucrats. They distribute bread without charge to those who are hungry. Deputy Prime Minister Yuriy Voronov told me in Sukhumi that if things get any worse, the Russian pensioners will soon die out.

There was still about two hours until the plane departed from Sochi to Moscow when I hurried from the bus on the Abkhazian side. There was enough time—but not too much. I mentally divided it into several stages: 10 minutes to cross the 200-meter no-man's-land and storage area; two minutes to complete the formalities for leaving one state and crossing into another—in this case, this consisted of presenting the stamp from the Moscow registration office in my hammer and cycle passport; five minutes to look for a taxi; and 20 minutes for the trip to the airport.

However, I soon understood that I was mistaken in my calculations. The Abkhazian customs people and border personnel only asked: "Where are you heading?" Having heard the answer: "To Russia," they only nodded their heads in understanding. Leaning against the cement slabs, the popular masses wishing to enter our territory were buzzing excitedly at this end of the bridge to Russian territory. It was practically impossible to force one's way through the crowd.

The control point opens at 0800 and closes at 1800. If one has not managed to cross—then spend the night under the open sky on the bank of the Psou. The people are mentioning Chechnya, Russian policy, and Moscow's chiefs like dirty words.

Two crossings. One is wider and the other narrower. It is necessary to get to one of them, holding your passport in your teeth. Squashed from all sides, I helplessly watched

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as the crowd squeezed into a single opening between Abkhazia and Russia. It took ten minutes for a single person to get to the other side. One could only guess what they were checking there and how. The time stretched out catastrophically; there only remained an hour until the airplane. I decided to force my way into the wider section.

OMON personnel armed with metal shields kept back the onslaught there. Biding my time until they let a vehicle through, I rushed after it; however, I was seized by the scruff of the neck. Fortunately, I saw toward the front a lieutenant in a green service cap. I shouted: "Border guards! Help me!" However, I was a violator of the state border to the lieutenant.

He said dryly: "Pass."

The checking of my documents and authorization took several more valuable minutes. It was necessary to tell everything: Where I had been, how it turned out there.

I was in a hurry: "Will you explain to me what is happening here?"

He explained: "The Abkhaz are guilty of all this. They are allowing people through without a check."

I was puzzled: "You see, however, they have not closed the border. It is you who have partitioned it. Why the Abkhaz?"

The person with whom I was talking changed his confidential tone to an official one.

He asked: "What is this—an interview? Then stand here and I will go to call the commander."

"Do not go. There is no time for an interview. Just tell me what your name is."

"Lieutenant Vladimir Ivanovich Kovalev, officer in charge of the border duty detail relief."

I ran ahead, taking pictures on the move.

An individual in a blue uniform ran to intercept me under the protection of the mighty wings of the two-headed eagle. He took away my camera and demanded my documents and permit to take photographs. I still do not understand why a customs man needs a document for one to take photographs and what secrets he is protecting there. My warrant for travelling on official business, pass to the editorial board, Union of Journalists card, and finally, passport did not suit him. He said that it was necessary to expose the film.

Next, the chief came and checked my documents once again. I again described what was in the zone of the Georgian-Abkhazian conflict, that no one there had stopped me from taking pictures, that I wanted to write about our peacemakers, and that I wanted to get to my flight.... The chief thought and said: "All right. You need not expose the film. You can go. You do not need to know my last name."

Having gathered my belongings together, I rushed to the bar beyond which the path to my native homeland opened.

Abkhaz Supreme Council Issues Statement

LD0803202495 Tbilisi Radio Tbilisi Network in Georgian 1800 GMT 8 Mar 95

[Statement by the Supreme Council of the Autonomous Republic of Abkhazia issued in Tbilisi on 7 March]

[FBIS Translated Text] According to mass media reports, Abkhaz separatist leader Vladislav Ardzinba released a statement saying that the Georgian parliament's decision on the authority of the Supreme Council of the Autonomous Republic of Abkhazia is now irrelevant because those deputies who are currently in Georgia—as if they were somewhere else before—have committed a crime against the state and lost links with the Republic of Abkhazia. Answering each one of Ardzinba's infelicities is not of a serious political necessity, but this time we would like to state the following:

First, despite the legal basis, and acting against the quadripartite talks, groups of Abkhaz separatists have artificially set up a parliament, the council of ministers, and elected the president, and therefore Abkhazia was in effect was left without the Supreme Council.

Second, proceeding from the current situation, on the basis of the constitution adopted in 1978 by legal Autonomous Republic of Abkhazia, in order to fill in the leadership vacuum, it became necessary to restore the Supreme Council of the Autonomous Republic of Abkhazia and that it resumed work. The Georgian parliament, which has been granted by the CIS, the European Union, and the United Nations the right of a full jurisdiction on the whole of its territory, adopted a decision on Abkhazia—an indivisible part of Georgia—proceeding from the interests of Georgians and a majority of other nationalities. Therefore, according to the universally established legal and moral criteria, the above decision is logical and justified.

Third, it is groundless and absurd to declare a group of the deputies elected by a majority of the native population of Abkhazia illegal and, moreover, traitors of state. It is common knowledge that we have supported and support single and sovereign Georgia, and the unity of the peoples living in Abkhazia. We condemn ambitious and treacherous actions by a small group of separatists. In this, we have a growing support of the Russian and world public. Fourth, breaching a special agreement on ethnic cleansing and genocide committed against Georgians and other peoples, including the self-genocide of the Abkhaz people, signed and acknowledged by 54 European and world countries, is on the conscience of Ardzinba and his clique. About 400,000 people have been made refugees from Abkhazia, including over 25,000 Abkhazians—nearly a third of the total Abkhaz population, let alone thousands of killed and tortured

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people, dozens of thousands of wounded and maimed population, burned and destroyed towns and villages, and ravaged the land and the environment.

It is the Abkhaz separatists and, first of all, Ardzinba, who are traitors and guilty. Ardzinba must be made answerable with all strictness before the Abkhaz people and the country on the whole.

We shall not reconcile to the separatists' criminal regime, shall fight to the end and do everything torecapture our native home and land. Abkhazia has always been, still is and will be an indivisible part of Georgia.

[Signed] The Supreme Council of the Autonomous Republic of Abkhazia.

[Dated] Tbilisi, 7 March 1995

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Estonia

Prime Minister: Election Turnout 'Satisfactory'

WS0803124395 Tallinn ETA in English 1443 GMT 7 Mar 95

["News Release"]

[FBIS Transcribed Text] Participation in the elections was satisfactory, said Prime Minister Andres Tarand at a press conference on Tuesday [7 March]. The final percentage of participation was 69.1 of all voters. There were more voters in economically more developed regions. The participation in Tallinn was more than 70 percent.

Prime Minister Tarand said the fact that small parties had not gathered votes showed the political life in Estonia was getting more organized. If the tendency continues, the necessary 4-5 party system will be formed for next elections, Tarand mentioned.

Prime Minister Tarand pointed out the fact that Russians got representatives in the parliament as the third positive development both for foreign and internal affairs.

Prime Minister Tarand marked as negative features the winning coalition's too powerful victory for the present situation of Estonia, and the too high role of personalities in the elections.

Heads of 2 Parties Meet, Reach No Agreement

WS0903105695 Tallinn BNS in English 1748 GMT 8 Mar 95

[FBIS Transcribed Text] Tallinn, Mar 08, BNS—Tiit Vahi and Siim Kallas, the leaders of the two lists that won the largest number of seats in the new Estonian parliament in Sunday's [5 March] general elections, adopted no binding agreements at a meeting Wednesday over plans to form a government coalition, a source close to Kallas said.

Since the president hasn't as yet picked his candidate for prime minister, there can be no official talks of forming a coalition so far, said Eero Tohver, chairman of Kallas' Reform Party.

Tohver added that his party at a meeting earlier on Wednesday had discussed the latest changes in the political landscape which took place after the election results showed that the Right Wingers might be left behind the doors of the parliament.

Valve Kirsipuu, deputy chair of the Reform Party, in remarks to BNS reiterated the party's earlier demand that it be given five seats in the new Cabinet. That would be a fair share when taking into account the share of votes gained by the party, she explained.

And she again stressed that the Reform Party won't enter a coalition with the left-centrist Center Party of Edgar Savisaar.

"The Center Party has made promises which the Reform Party cannot accept," Kirsipuu said.

Tohver's remarks, however, suggested that a compromise over the issue couldn't be ruled out. He said that while working closely with the Center Party was unlikely, the Reform Party hadn't as yet adopted a final stance over the issue.

National Bank Import, Export Figures for 1994

WS0803141195 Tallinn BNS in English 1300 GMT 8 Mar 95

[FBIS Transcribed Text] Tallinn, Mar 7, BNS—Import to Estonia in 1994 grew faster than the country's export, resulting in a 4.5 billion kroon (USD [U.S. dollar] around 350 million) trade gap by the end of the year.

But growth in both import and export had slowed down a bit from 1993, a report published by the Bank of Estonia says.

Food continued to occupy the top position among different categories of goods traded, accounting for nearly one-fifth of the total turnover.

Growth was fastest in the turnover of wood and wood industry products—128.2 percent over the preceding year. Next came chemical products with a 117.2 percent rise over 1993, and machinery and equipment with 99.5 percent. The latter rose to no. 2 in the country's foreign trade, leaving behind the clothing industry. The share of metals and metal products as well as vehicles became smaller over the year.

The survey also says that as the gap in the goods which Estonia traded with a negative balance became bigger and the surplus in positively balanced categories narrowed, the total foreign trade deficit went up.

Serving as the only exception to that rule were wood and wood products, which showed an increasing export potential and raised a healthy surplus in 1994.

The biggest negative balance for any single category was reported for machinery and equipment, where the gap was largely due to massive imports of communication and computer equipment, technologies.

Mineral fuels had the second-biggest negative balance, reflecting Estonia's need for oil and natural gas imports. Another major contributor to the trade gap, especially toward the end of the year, was growing import of chemical products.

Food was Estonia's no. 1 export article in 1994 and experts say the country also did well in increasing the share of processed food, such as sausages, preserves,

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beverages and cigarettes over that of raw food. Next came machinery and equipment, clothing items, wood and wood products.

Of the export of machinery and equipment, different spare parts, TV and radio antennas, as well as computers accounted for nearly one-third of the total.

In imports, machinery and equipment accounted for nearly one-fifth of the total. Food imports ranked second, with the share of milk and dairy products, fruits and vegetables, beverages, all up from the previous year.

The biggest change in the structure of imports was that the share of vehicles dropped from 14.2 percent to 8.6 percent when compared with 1993.

Trade with Finland accounted for nearly 29 percent of Estonia's total foreign trade in 1994. As nearly 40 percent of the total imports came from or via Finland, the negative gap was biggest in trade with that country and widened throughout the year: from the 1993 negative balance of 2.1 billion kroons to five billion in 1994.

Russia came second with a 19 percent share of the turnover of Estonia's foreign trade, followed by Sweden, Germany, Latvia and Lithuania.

The survey also indicates a rather universal trend toward a negative trade balance with Western industrialized countries, and toward trade surplus with the republics of the former Soviet Union. Exceptions to that rule were Britain, with whom the trade balance turned into positive during 1994, and the Netherlands, with which country the positive trade balance of 1993 fell into the red in 1994.

The biggest deal of Estonia's exports, or 23.1 percent, went to Russia. Russia's share was particularly big in food—42.1 percent of the total exported by Estonia in 1994. Although Russia imposed higher import duties from July 1 last year, Estonia's farm export to that country regained its customary volume by the end of the year.

Also the total of export to Russia was slightly up from 1993, the central banks says.

Estonia in 1994 managed to increase export to Norway, Britain, Belarus, Belgium, Lithuania, Denmark and Italy. The overall figures for export to Finland, Germany, Netherlands and Ukraine were up as well, but the increase lagged behind the pace of rise in the nation's total exports.

Finland ranked first among importers to Estonia, accounting for 37.1 percent of the total. Russia followed with 16.2 percent, Sweden, 9.1 percent, and Germany, 8.8 percent. A speedy growth over the previous year was also registered in imports from France, Netherlands, Britain and Denmark.

Latvia

Foreign Ministry on Russian Security Policy

LD0803215095 Riga Radio Riga Network in Latvian 2100 GMT 8 Mar 95

[FBIS Translated Text] Russia's efforts to create a security zone in Europe without taking into account the views of other states will in future not only lead to the creation of tension in the context of bilateral relations on security issues, but will also affect the current cooperation of European countries in creating a continental security system; that is the view of the Latvian Foreign Ministry in a statement it has issued.

It says that the Latvian side has, in none of its actions, given cause to think that it will involve itself in the CIS collective security system. Moreover, Latvia has already defined its foreign policy objectives regarding the creation of a security policy, and its cooperation with the NATO and the Western European Union.

At the same time, this kind of effort indicates Russia's desire to determine a new sphere of influence in this region.

Once again expressing its categorical stance on any attempt to involve Latvia without its consent in the zones of security interest of other countries, the Latvian Foreign Ministry expresses the hope that Russia will not curtail the creation of mutual trust between the two countries, but will be able to realistically assess its policy in the Baltic lands and direct it toward strengthening good-neighborly relations.

Lithuania

NATO Officials: Too Early for Baltics Membership

LD0803172495 Vilnius Radio Vilnius Network in Lithuanian 1000 GMT 8 Mar 95

[FBIS Translated Text] [Presenter Giedre Maksimaityte] Although the NATO countries agree unreservedly that the defense alliance should be expanded, specific possibilities including, the dates when the countries of the central and eastern Europe will be admitted to NATO, are not being discussed at the moment. Here is Audrius Braukyla reporting from Brussels.

[Begin Braukyla recording] A high-ranking NATO official responsible for military cooperation in the alliance, described most favorably the current level of readiness of the Lithuanian Army and its activities, including the participation in a peacekeeping mission in Croatia.

Speaking to the Lithuanian and Latvian journalists at the NATO headquarters in Brussels, this above NATO official emphasized what he described as a specifically high professionalism of Jonas Andriskevicius, the Lithuanian army commander.

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According to the NATO official, the fact that the armaments of the Lithuanian army do not, and probably will not, for a considerable time, correspond the Western standards, is not so important. More important is that a clear understanding of its mission prevails in the army and that the activities are conducted in a manner acceptable to the democratic world.

The NATO representative also praised the attempts of the Lithuanian military officers to communicate with NATO and gain overall experience from it.

Such a high appraisal of the Lithuanian Army and Lithuania's participation in the Partnership for Peace program is not at all linked at the NATO headquarters with any thoughts about possible acceptance of the Baltic countries to NATO.

All of the NATO officials who talked to the Baltic journalists said that the time for the questions who and when has not come yet. So far, it has only been acknowledged in principle that NATO should be expanded.

While expressing their private opinion, representatives of various departments of NATO headquarters were more than careful in assessing the prospects for the Baltic countries joining NATO. These officials also noted that NATO expansion would be a very complicated process and that countries would be admitted into this alliance on an individual basis.

Speaking about the admittance of the new members to NATO, the point of view of the General Staff officers of the NATO military forces in Europe ranges from careful to rather sceptical.

Speaking to journalists, these officers drew attention to what they thought were essential obstacles not only for the Baltic states but also for the Visegrad countries on their way to NATO membership. First of all these would be the economic difficulties of these countries, then incompatibility of military standards and insufficient civilian control over the military forces.

Participating in NATO requires especially big funds from the member states; therefore, it is unlikely that any country of Central or Eastern Europe could become a NATO member soon, General Staff officers of the NATO military forces in Europe maintained. [end recording]

Legal Adviser Resigns Over Alleged Crime Ties

WS0903105995 Vilnius ELTA in English 1929 GMT 8 Mar 95

[From "News Bulletin" No. 709]

[FBIS Transcribed Text] Vilnius, March 8, ELTA—Rimas Andrikis, presidential adviser on legal issues, resigned on Wednesday after leading dailies of the country had published several articles about his alleged relations with criminal gangs.

The press published records of Andrikis' phone talks with the alleged members of organised crime gangs.

While being presidential adviser, Andrikis maintained relations with and provided consultations for the criminals.

Journalists also released the information that Andrikis, while being a judge of the Supreme Court five years ago, used his mandate to rescue his acquaintances from the criminal liability.

Andrikis had been an owner of a private lawyers firm before he was appointed presidential adviser. The lawyers of this firm acted as a defence during the trial of murderers of journalist Vitas Lingys and Andrikis had secret meetings with them.

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